Algerian dialogue

Trying to prevent a tragedy

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Accounts overdue

How exporters can deal with late payment

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Sweden

Trying to square the circle

FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY DECEMBER 21 1993 — D8523A

Abu Dhabi action against BCCI would cut payouts

The government of Abu Dhabi is considering suing the collapsed Bank of Credit and Commerce International in a move that would substantially reduce payouts to the bank's other hundreds of thousands of creditors. It is also preparing legal claims against the network of more than 20 independent intermediary banks through which it alleges $2.6bn of its money was misappropriated by BCCI. The Department of Private Affairs in Abu Dhabi, the bank's majority shareholder, launched a $7bn civil action in the local courts against 13 of BCCI's former executives. Page 12

Unilever, Anglo-Dutch food and consumer products group, is to become France's largest ice-cream producer by taking control of Ortiz-Miko, a family-run frozen foods manufacturer, in a deal valued at £220m ($327m). Page 13; Lex, Page 12

Russia breaks diamond deal: Russia, desperate for cash, is selling diamonds directly to dealers in Antwerp in breach of its agreement with De Beers, the South African group which controls more than 80 per cent of the world's uncut market. Page 12; Record sales, Page 20

UK recovery hopes brighten: Prospects for economic expansion in the UK next year grew with news of a big improvement in company finances and an upward revision of growth in the third quarter. Page 4

Volvo agrees new board: Leading Volvo shareholders who forced the Swedish carmaker earlier this month to abandon its planned merger with Renault of France have agreed the composition of a new board of directors. Page 13; Sweden survey, Section III.

Eleventh-hour talks in South Africa: South Africa's rightwing Freedom Alliance was in talks with the government and the African National Congress last night aimed at securing the alliance's agreement to the post-apartheid constitution before parliament votes it into law tomorrow. Page 3

Tele-Communications, largest US cable television operator, is about to sell its European programming interests to Flextech, UK cable and satellite television group. Page 18

Dasa in Pratt & Whitney link: Deutsche Aerospace (Dasa), aerospace arm of Germany's Daimler-Benz group, is reinforcing its partnership in the aircraft engine business through a cross-equity investment between its MTU engine subsidiary and Pratt & Whitney, US aero-engine maker owned by United Technologies. Page 13

Hong Kong tunnel builder raises capital: The Western Harbour Tunnel Company, which is to build Hong Kong's third harbour tunnel, signed an agreement with 22 international banks to raise HK$5.2bn (US$673m) over 15 years for construction costs. Page 20

Ivory & Sime boosts profits: Buoyant world stock markets around the world helped UK investment management group Ivory & Sime increase interim pre-tax profits by 22 per cent to £2.77m ($4.12m). Page 19; World stocks, Page 29

Egypt hangs six militants: Egypt hanged six Moslem militants for murder and conspiracy to overthrow the government, bringing the number of militants executed in Egypt this year to 29.

Australia and US reach air deal: Australia and the US have agreed a three-year aviation pact which will give two airlines from each country equal access to the valuable north Pacific route, from the US via Asia to Australia. Page 3

Boost for North Sea oil production: The steady rise in North Sea oil and gas production, which has been a factor behind falling international oil prices, will be boosted further this week when the East Brae field off Scotland comes on stream. Page 4

Firebombs in London: An incendiary device went off in a pub in Victoria, central London, forcing the evacuation of hundreds of peak-hour passengers from the Victoria coach station. Another device ignited at a postal sorting office near London's financial district. There were no injuries.

Ulster peace hopes jolted: Hopes of peace in Northern Ireland were weakened when Sinn Féin president Gerry Adams called for all IRA prisoners to be released. Page 4

Telecoms regulator faces action: Oftel, UK telecommunications regulator, is being taken to court by Mercury, main competitor to British Telecommunications. Mercury claims Oftel has not offered it reasonable terms for the carriage of its traffic by BT. Page 4

STOCK MARKET INDICES

FT-SE 100	3,364.9	(+27.6)
Yield	3.5	
FT-SE Eurotrack 100	1,437.37	(+18.03)
FT-A All-Share	1,652.35	(+0.7%)
Nikkei	17,404.24	(-647.67)
New York: lunchtime		
Dow Jones Ind Ave	3,750.73	(-0.84)
S&P Composite	465.86	(-0.52)

US LUNCHTIME RATES

Federal Funds	3⅛%
3-mo Treas Bills: Yld	3.095%
Long Bond	99⅛
Yield	6.287%

LONDON MONEY

3-mo Interbank	5⅜%	(same)
Liffe long gilt future	Dec 120⅞	(Dec120⅝)

NORTH SEA OIL (Argus)

Brent 15-day (Feb)	$13.57	(13.61)

Gold

New York Comex (Dec)	$389.3	(387.4)
London	$389.6	(386.2)

STERLING

New York lunchtime:		
$	1.4875	
London:		
$	1.4856	(1.491)
DM	2.545	(2.5425)
FFr	8.675	(8.69)
SFr	2.1725	(2.1675)
Y	164.25	(same)
£ Index	81.5	(81.6)

DOLLAR

New York lunchtime:		
DM	1.71075	
FFr	5.8315	
SFr	1.4577	
Y	110.535	
London:		
DM	1.7135	(1.7045)
FFr	5.84	(5.8275)
SFr	1.4625	(1.4545)
Y	110.55	(110.1)
$ Index	67.3	(67.0)

Tokyo close Y 110.27

Austria	Sch30	Greece	Dr300	Lux	LFr65	Qatar	QR12.00		
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr65	Hungary	Ft185	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 3.75	Slovak Rp	KSL45		
Cyprus	CC1.00	India	Rs40	Nigeria	Naira45	South Africa	R12.00		
Czech Rp	CZK45	Israel	Shk5.30	Norway	NKr16.00	Spain	Pta210		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Sweden	SKr15		
Egypt	E£4.50	Japan	Y500	Pakistan	Rs35	Switz	SFr3.20		
Finland	FM12	Jordan	JD1.50	Philippines	Pso45	Syria	S£50.00		
France	FFr9.00	Kuwait	Fils600	Poland	Zl32,000	Tunisia	Din1.250		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	Turkey	L2000		
						UAE	Dh11.00		

Bonn warns concessions to France may harm political reform in EU

Gatt splits in UK and Germany

By Lionel Barber in Brussels

High-level divisions exist within the UK and German governments over last-minute concessions made to France last week in order to win final agreement for the Gatt world trade deal.

Mr Kenneth Clarke, the chancellor of the exchequer, is understood to have complained to Mr Douglas Hurd, the UK foreign secretary, on the eve of the Gatt deal, about British support for measures which will make it easier for the European Commission to retaliate against unfair trading.

German reservations also surfaced at a meeting of European Union foreign ministers in Brussels yesterday. A senior Bonn government official complained that new European trade defence mechanisms agreed last week could harm economic and political reform in central and eastern Europe.

The high-level doubts underline the dilemma facing the German government as it balances the interests of its closest western ally, France, with those of its neighbours to the east. But they also mirror divisions within the British cabinet.

Mr Clarke is understood to have wanted Mr John Major, the UK prime minister, to lobby Chancellor Helmut Kohl of Germany to resist French demands on the grounds that they risked compromising the principle of free trade inside the European Union.

Mr Hurd declined to intervene on the grounds that Mr Kohl was likely to meet most of France's demands, according to informed officials. He also said that the commission would show restraint on trade retaliation because responsibility lay primarily with Sir Leon Brittan, the senior UK commissioner and a free-trader by instinct, the officials said.

The measures agreed by EU foreign ministers last Wednesday mean that the commission can take action more easily against dumping and subsidised exports.

In Brussels yesterday, Mrs Ursula Seiler-Albring, German minister of state for foreign affairs, indicated the debate in Bonn about the wisdom of agreeing stronger trade defence mechanisms is far from over. She pressed for tougher wording in the minutes agreed last Wednesday which removed the final European hurdle to the Gatt accord. According to Belgian and German officials, she identified the agreement on "safeguard" measures as the most troublesome.

The reason is that it overturned the long-standing principle that retaliation could be blocked by a minority of free-trading countries led by the UK and Germany and could harm the East Europeans, diplomats said.

The final British position on trade weapons last week reflected the divisions within the cabinet. The UK supported measures to allow the commission's preliminary decisions to use anti-dumping or anti-subsidies to become definitive by a simple majority vote. But it recorded a strong dissent on safeguard clauses applying to the emerging democracies in the east.

France was widely seen as a winner in the Gatt deal after it won EU support for revisions in the 1991 Blair House agreement with the US limiting subsidised food exports. It also succeeded in resisting US demands for more access to TV and broadcasting markets in Europe.

OECD urges rate cuts to promote European growth

By Peter Norman, Economics Editor in Paris

Continental European countries must take every opportunity to lower interest rates to stimulate their economies and to fight unemployment, the Organisation for Economic Co-operation and Development urged yesterday.

Mr Kumiharu Shigehara, the head of the OECD's economics and statistics department, told a press conference that insufficient growth had been fuelling a continuing rise in unemployment in Europe that is expected to result in 23m Europeans, or 11.5 per cent of the region's labour force, being unemployed next year.

He acknowledged that Germany had lowered interest rates steadily since September 1992, and that other members of the European exchange rate mechanism had also lowered rates: "Nevertheless, short-term interest rates in these countries are high relative to inflation. Prospects for a decline in German inflation appear favourable and any room for easing monetary conditions further without undermining the credibility of policy should be used fully."

The OECD's half-yearly economic outlook forecasts divergent conditions in leading industrialised countries next year.

The US, Canada and Britain are recovering and are expected to grow faster, but the OECD believes Japan is still weak and a recovery may only begin in the first quarter next year.

The OECD expects that Germany's economy will contract at an annual rate of 0.6 per cent in the first half of next year as weak exports hold down output. From mid-1994, the organisation expects German inflation to decline rapidly and employment to recover, with real growth of about 0.8 per cent next year.

The OECD says problems may arise for Germany's ERM partners if German inflation does not fall as expected. Countries such as France – where growth is forecast at only 1.1 per cent next year – could find they were having to keep interest rates above levels needed to support domestic economic recovery and create jobs.

The outlook says "the weakness of activity in most of these [ERM] countries and the low rates of inflation create a case for taking greater advantage of the scope for monetary easing created by the wider bands" agreed in August.

Details, Yen strengthens, Page 4
Editorial Comment, Page 12

Israeli foreign minister Shimon Peres checks the time as prime minister Yitzhak Rabin looks on at a welcoming ceremony in Jerusalem for Danish premier Poul Rasmussen. Yesterday Mr Rabin said talks in Norway on the Middle East peace accord had been inconclusive. Report, Page 3 — Picture: AP

Hungry gorillas win the Christmas toy battle

By Richard Tomkins in New York

Christmas is traditionally the season for gender-typing but US toymakers are this year showing renewed determination to test the tolerance of the more politically aware.

Girls can expect to unwrap not only the usual Barbie dolls, furry animals and miniature teasets. They may even dip into their Christmas stockings and find a product called Mommy's Having A Baby – a doll which gives birth to a 4½ inch offspring through a Velcro opening in a maternity dress.

"Rub Mommy's soft tummy and you can actually feel the baby," says the toy shop catalogue. "See baby move ... even decide when Mommy's ready to have baby. With birth certificate, diaper, bottle and more."

The manufacturer, Tyco Toys, says the Mommy doll addresses children's natural curiosity about childbirth and pregnancy in a sensitive way. But some women have pointed out that is not only politically, but anatomically, incorrect: a female doctor in Massachusetts has said the product might lead children to believe all babies are born by Velcro caesarean.

Other ideologically suspect products this year include Electronic Dream Phone, a game in which girls dial different numbers to find out which boys have a crush on them. "One of 24 incredible guys really likes you. Now you just have to find out who by calling his friends for clues," *says the blurb.*

This task accomplished, girls can progress to another game called Perfect Wedding, in which they plan for the big event: "The first to complete her plans and walk down the aisle wins."

For boys, the gender-typing seems to consist mainly of satisfying their perceived appetite for violent confrontation with powerful assault weapons, like this year's top-selling Nerf Arrowstorm – blasts six soft arrows over 30ft – or the Motorized Thunderstrike – the ultimate battery-operated air blaster.

Best-selling toy of the season.

Continued on Page 12

Franc lifted by French trade figures

By Alice Rawsthorn in Paris

The French franc yesterday strengthened on the money markets to reach FFr3.409 against the D-Mark, its highest level since the summer's European currency crisis.

Yesterday's gains, which were fuelled by the D-Mark's weakness and a healthy current account surplus for France in September, marked a continuation of the franc's recent strong performance which has taken it back above its old floor rate of FFr3.4305 to the D-Mark before the extension of the European exchange rate mechanism trading bands.

The Paris bourse also benefited from the announcement by the finance ministry of a FFr9bn (£1.02bn) current account surplus for September and of a FFr56.53bn surplus for the first nine months of the year (against FFr4.02bn for the same period of 1992). The CAC-40 index rose by 1.23 per cent during the day to close at 2,223.47.

Economists said that investors' sentiment towards France had improved in recent weeks,

Continued on Page 12
Currencies, Section II

Nikkei's 3.6% fall blamed on split in Japanese coalition

By Robert Thomson in Tokyo

Policy differences in Japan's seven-party coalition government and rumours of a snap election were blamed for a 3.6 per cent fall in Tokyo stock prices yesterday, the largest drop in the Nikkei average this year.

Prime minister Morihiro Hosokawa has delayed compiling the budget for the next fiscal year as the Social Democratic party, the largest group in the coalition, opposes tax changes proposed by Mr Hosokawa and other members of the coalition.

Confidence was also shaken by the absence yesterday of Mr Ichiro Ozawa, the power broker behind the coalition. Mr Ozawa, who is said to be suffering from influenza, has been in poor health in the past year and there were fears that a prolonged illness would lead to the collapse of the coalition.

The fall in stock prices came amid relatively thin trading and followed several weeks of jumpiness in the market. This, in part, has reflected the moods of the coalition partners, whose differences over political reform, trade and taxation policy are becoming more obvious.

Mr Masayoshi Takemura, the chief cabinet secretary, said the government was watching the stock market closely and regarded the Nikkei average as an important indicator of the economy's health. He suggested that Mr Hosokawa would announce fresh policies later this week in an attempt to stimulate growth.

The government is considering a cut in income taxes, though Mr Hosokawa favours an increase in the country's 3 per cent value added tax to compensate for the reduction. However, the SDP insists that it would oppose such a tax rise and could withdraw from the coalition over the issue.

It is feared that unless the government cuts income taxes, personal consumption will fall sharply over the next couple of months. The Ministry of Labour said yesterday that employees in large companies received a 0.3 per cent cut in their winter bonuses this year, the first fall since 1975.

The trimming of the winter bonus follows a 0.9 per cent decrease in the summer bonus, the first fall in both payments since the ministry began conducting its survey in 1965. Workers in the car industry had their winter bonus cut by 4.5 per cent and those in the service sector saw a 4.3 per cent fall.

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© THE FINANCIAL TIMES LIMITED 1993 No 32,249 Week No 51 — LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

German poll results scare main parties

By Judy Dempsey in Berlin

Despite failing to clinch the city of Potsdam in the run-off in Brandenburg's local government elections, the Party of Democratic Socialism, successors to the East German Communist party, have made their point. The established parties are worried.

They have reason. Of the 85 mayoral councils in the cities and towns, 30 will be headed by the PDS. That corresponds roughly to their total share of the vote. The PDS gained 21.2 per cent, 13 points behind the Social Democrats who govern the state of Brandenburg, and one point ahead of Chancellor Helmut Kohl's Christian Democrats.

Mr Rolf Kutzmutz, the self-declared informer for the Stasi secret police in the *oncien regime* who last Sunday lost Potsdam to Mr Horst Gramlich, the SPD's incumbent, was victorious in defeat. "The PDS has sent a signal. From now on it will be very difficult to exclude the PDS from decision-making," he said.

Now that it has managed to bounce back in Brandenburg after unification, the question is whether the PDS can convert local gains to state and federal gains in next year's elections.

It will be difficult. The PDS's real power bases in eastern Germany are in Brandenburg and east Berlin. It could well concentrate its energy in those two regions to win three direct mandates which would be enough to secure representation in the Bundestag, or lower house.

Its progress in forthcoming elections will also depend on what kind of campaign the established parties run. The Christian Social Union, the Bavarian-based sister party of the CDU, has already argued that the PDS is a worse threat than the far right. Mr Theo Waigel, the finance minister, said at the weekend the PDS posed a threat to democracy.

Yet recent statistics on the membership structure for some of the PDS party organisations – and the far right – clearly show that it is hardline former Communist party members who are seeking refuge in the far right, rather than among the ranks of the PDS.

Identifying the nature of East German interest is possible. For instance the Green/Bündnis 90 alliance, a loose collection of the 1989 democratic parties, is aware that it cannot keep pushing environmental issues when enterprises in the east are being closed because of pollution.

The SPD knows that if it has its eye on a grand coalition, it must tap into local interests in the east.

EU retaliates in Austrian subsidy row

By Andrew Hill and Reuter in Brussels

Enropeao Union foreign ministers agreed yesterday to withdraw tariff concessions on imports from the Austrian subsidiaries of Grundig and General Motors in a row over state subsidies.

The decision follows a series of complaints about state subsidies to Austrian-based exporters, and conld sour negotiations over Austrian accession to the Union.

The European Commission recommended withdrawal of favourable tariffs for two motor plants and a television factory in Austria last July, claiming they had received Ecn80m ($91.2m) of illegal state aid.

Brussels argues the companies are in direct competition with EU manufacturers, and that the aid woold not be accepted for similar projects carried ont in comparable areas of the Union.

The withdrawal of tariff concessions is likely to be equivalent to imposing import duties of 14 per cent on Grundig television sets, manufactured near Vienna. Diplomats said yesterday that 4.9 per cent dnties would be levied on cylinder heads and gearboxes made by General Motors Austria at Aspern.

However, a third Austrian company, Steyr, escaped dnties on its heavy vehicles following negotiation of a subsidy-cutting deal with Vienna last week.

The diplomats said Germany, Luxembourg and the Netherlands had voted against imposition of the duties, while Greece had abstained.

The Commission claimed General Motors had received state aid amounting to 15 per cent of an Ecu324m investment in its Aspern plant, while Grundig had received 10 per cent state aid to sweeten an Ecu72.5m investment in rationalisation of its TV production line.

Last year the EU narrowly avoided a row over import dnties on Austrian-made Chrysler vans, after Brussels and Vienna reached a compromise on reducing state aid to the US manufacturer. Chrysler had threatened legal action against the Union.

The 1972 free-trade agreement between Austria and the EU outlaws subsidies which distort competition in the Union. It will be superseded by the European Economic Area on January 1, which allows for similar safeguards. It was unclear last night whether the tariffs would have to be renegotiated, as the Austrians have argued in the past.

AP

A Spanish fisherman carrying a drift net containing dead fish at a protest outside the European Union headquarters in Brussels yesterday. The Spaniards were urging a meeting of fisheries ministers to ban French tuna vessels from using the nets. But the EU ministers also heard complaints against the Spaniards from Ireland and the UK who demanded extra curbs on Spain's fishing fleet

Serbian poll tips in favour of Milosevic

By Laura Silber in Belgrade

The ruling Socialist party of Serbian President Slobodan Milosevic yesterday claimed victory in parliamentary elections although final results are not expected until tomorrow. Their claimed victory is wafer-thin and the last votes could still determine whether Mr Milosevic will keep his grip on power and his ability to sideline the divided opposition.

Based on the party's count of 55 per cent of the vote, the Socialists said they would win between 124 and 128 of the 250 seats in parliament, enabling Mr Milosevic to form another Socialist government. "The Socialist party of Serbia has achieved an overwhelming victory," claimed Mr Ivica Dacic, the party spokesman. "We will have either an absolute or relative majority."

But opposition leaders immediately denied these claims, based on their own count of Sunday's ballot. Mr Zoran Djindjic, head of the centrist Democratic party, said: "It seems impossible for them to get an absolute majority. No party will be able to form a government alone."

According to partial results, the Democrats and the biggest opposition bloc, Depos, headed by Mr Vuk Draskovic, were set to win about one-third of the seats in the Serbian assembly. The opposition has failed to join forces, but political leaders privately indicated that they could now unite.

Their scope for manoeuvre has been raised by the relatively strong performance of Mr Vojislav Seselj, an ultra-nationalist MP and former ally of Mr Milosevic, despite a smear campaign waged against him.

Mr Milosevic called early elections in October when Mr Seselj threatened to bring down the Socialist government. But the ballot seems to have rehabilitated him as an opposition figure and indicated popular support for his attacks on corruption in official circles. His targets included Mr Milosevic and Mr Zeljko Raznatovic, known as Arkan, a Belgrade Mafia boss turned paramilitary commander whose name, like that of Mr Seselj, appears on US lists of suspected war criminals.

Voters were not enticed by Arkan's nationalistic campaign. But the low vote for this symbol of Serbian paramilitary violence does not signal a rejection of the idea of Greater Serbia. All candidates, including the democratic opposition, expressed similar views on the national question. The Socialists were attacked for profiting from the economic chaos, induced partly by UN sanctions, after nearly three years of war. But opposition leaders remained silent on the violent partition of Bosnia which led to the imposition of UN sanctions.

If Mr Milosevic fails to win an absolute majority his image as the invincible leader of all Serbs would suffer. This would force him to devote his attention to an increasingly unstable Serbia rather than on expanding its borders.

Protest over law against non-EU films

Spanish movie-goers locked out

By Tom Burns in Madrid

A government attempt to keep out US films yesterday prompted Spain's cinema theatre owners to lock out film-goers.

The unprecedented protest, which closed down all the country's 1,807 cinemas for 24 hours, followed emergency legislation that aims to protect the domestic film sector by forcing exhibitors to screen one production originating from the European Union for every two produced outside the EU.

The new law was hurriedly drafted in the mistaken belief that the Gatt agreement would include the audiovisual industry in the trade liberalisation measures. The legislation, which was approved by the cabinet as a decree law just five days before the December 15 Gatt deadline, is due to be ratified by MPs tomorrow.

If the law stands and is rigorously implemented it is likely to keep the cinema public, which prefers Hollywood productions, at home and drive many exhibitors who depend on US films for the bulk of their profits, out of business.

The law states that distributors seeking a dubbing licence for a non-EU film must satisfy the authorities they have earned Pta20m ($143,000) from screening a Spanish or EU-produced film.

The regulations for obtaining a second non-EU licence are convoluted: the distributors must have earned a minimum of Pta50m from screening the EU film in question in more than 10 cinemas in population centres of more than 45,000 and they must also have previously dubbed the EU film into one of Spain's minority languages such as Catalan or Basque.

Under the previous guidelines distributors got licenses to dub four foreign films for every one Spanish production they marketed. US films account for nearly half the 990 films shown in Spain during 1992, to 62.5m customers representing 77 per cent of the film-going public and for 75 per cent of the Pta36.3bn total box office takings.

The Spanish film industry, which the government subsidises and now seeks to protect further, is on the whole meagre and of low quality. Of the 320 new productions released in Spain last year, only 32 were Spanish and of these only nine grossed more than Pta100m.

Bundeswehr to pull out of Somalia

By Judy Dempsey

The German cabinet last night decided to pull its 1,700 troops out of Somalia months after the country embarked on its first peace-keeping mission with the United Nations.

The decision coincides with the phased withdrawal of US troops due to be completed next March.

The troops were primarily involved in logistical, medical and infrastructure activity and had not beeo based in Mogadishu, the capital.

They were dispatched to Somalia after a long political debate about Germany's military role in the post-cold war era. Its activities had been restricted by the constitution, which confined all military operations to Nato territory.

Chancellor Helmet Kohl's governing Christian Democrats have lobbied hard for Germany gradually to play a more active role internationally.

NEWS IN BRIEF

Ukraine SS-24 arms deactivated

Ukraine announced yesterday that 17 of its 46 modern SS-24 strategic nuclear weapons had been deactivated, Jill Barshay in Kiev and agencies report.

Mr Valery Shmarov, deputy prime minister, said the warheads had been moved away from the launchers. "We are prepared to remove all SS-24s from military alert, but only if conditions discussed at these talks [with Russia and the US] are fulfilled." Ukraine has set financial compensation, dismantlement aid and security guarantees as conditions for giving up its nuclear arsenal of over 1,600 warheads.

US and Hungary in diesel venture

Detroit Diesel, the US engine producer, has agreed to form a joint venture with Raba, the Hungarian engineering company, to assemble Detroit Diesel engines in Gyor, Hungary, writes Andrew Baxter. The new company, Raba Detroit Diesel Hungary, will assemble Detroit Diesel Series 50 and Series 60 engines.

Blast hits Lebanon party HQ

A bomb exploded in the headquarters of Lebanon's largest Christian political party yesterday and officials said there were several casualties, AP reports from Beirut.

George Shahin, spokesman for the Phalange Party, said he saw the headquarters go up in flames. Most of of the casualties occurred in the main meeting hall.

Nato deputy chief appointed

Mr Sergio Silvio Balanzino, Italy's ambassador to Canada, has been appointed deputy secretary general of Nato, the alliance said yesterday . Renter reports from Brussels. It said Mr Balanzino, would start his new job on February 1. He will replace fellow countryman Mr Amedeo de Franchis, who is to take up a senior position in the Italian Foreign Ministry.

Balladur's success causes row

By David Buchan in Paris

The growing tension that Mr Edouard Balladur's rising popularity is causing his rivals was highlighted yesterday after two ministers of the centre-right UDF party triggered a political row by endorsing the Gaullist RPR prime minister for president.

Mr Jean-Louis Debré, deputy secretary geoeral of the RPR and a die-hard backer of Mr Jacques Chirac for the Elysée, yesterday criticised Mr François Léotard, the defence minister, and Mrs Simone Veil, the social affairs minister, for "missing a fine occasion to shut up" when in separate TV interviews on Sunday they praised Mr Balladur's presidential potential.

Mr Debré said the ministerial pair "would have done better to have followed Mr Balladur's instructions not to speak now of the presidential election", due in spring 1995. But Mr Balladur himself fuelled speculation about his hopes by saying in an interview, published yesterday in Le Figaro newspaper, that he could not envisage staying in the prime minister's Matignon residence for a full parliamentary term.

Trevor Humphries

Balladur: endorsed by two ministers from Giscard's party

"Five years in the Matignon, never. Two years, yes. After that, we will see," he told the newspaper.

Since assuming office in April, Mr Balladur has wielded far more power than the average French prime minister – partly because of his own success in areas such as Gatt and partly because of representing a huge parliamentary majority in the face of a politically weakened Socialist president. To carry on under a president of the same party or coalition would reduce Mr Balladur's role.

But yesterday's row – which was also caused by the UDF'a growing preference for Mr Balladur over its nominal leader, Mr Giscard d'Estaing – raises the question of wbether Mr Balladur has not shown his hand too early. President François Mitterrand's poor state of health means that a snap presidential poll before May 1995 cannot be ruled out.

UN appeal for end to Bosnia arms embargo

By Michael Littlejohns, UN Correspondent, in New York

The UN General Assembly last night appealed to the Security Council to lift the arms embargo against Bosnia Hercegovina, a step long proposed by the US.

The resolution, which is only a recommendation and which the Council is free to ignore, was adopted as Bosnia agreed to drop charges that Britain, by supporting the embargo, violated the Genocide Convention.

Bosnia had prepared a case for submission to the World Court on the grounds that Britain, as the most ardent objector to lifting sanctions, was primarily responsible for their retention.

It was evident from a joint UK-Bosnian statement which was issued shortly before the Assembly vote, that a strong inducement not to proceed with the case was Britain's pledge to ensure the delivery of humanitarian aid as well as a renewed commitment to a negotiated political settlement.

The Assembly resolution, adopted by 109 votes to none with 57 abstentions, called for an end to the "working status" of Belgrade's UN delegation.

In 30 operative paragraphs, it also called on the Security Council to ensure that Belgrade halted all military aid to the Bosnian Serbs and demanded an end to the siege of Sarajevo and other UN-designated "safe areas".

Also proposed was the urgent reconvening of the London conference on former Yugoslavia to try to work out a settlement.

The Security Council was called upon to ensure that the proposals in the "Geneva peace package" conformed with the UN Charter, its previous resolution and the London conference principles.

Bosnia has repeatedly charged that the plan prepared by Lord Owen and Mr Thorvald Stoltenberg, the international mediators, violated the Charter and Council decisions.

Antall successor brings firm hand to Hungary

By Nicholas Denton in Budapest

Mr Peter Boross, Hungary's acting premier since the illness and death of Mr Jozsef Antall, goes before parliament in Budapest today to be confirmed as the country's new prime minister.

The smoothness of the succession bas defied the dnom-mongering specnlation typical of Hongary. Commentators pondered every potential catastrophe from wrenching leadership struggle to constitutional crisis, from swing to the right to state of emergency, early elections to delayed elections.

Instead, the governing conservative Hungarian Democratic Forum took just a day after Mr Antall's death to designate Mr Boross, the interior minister, as successor. Althnugh the conaervative coalition's majority is formally just in single figures, parliamentary approval for Mr Boross today appears assured. Eastern Europe's longest-serving government is still well placed to complete a full term in office.

Hungary has passed the initial test. Bnt Mr Antall personified Hungary's political stability and so the qnestion arises of how much will survive him.

Mr Boross, aged 65 and a former catering company executive, has never been elected and only joined the Forum in 1991. He may therefore feel the need to secure his political hase by appealing to the Fornm's right-wing activists.

He is an altogether rawer politician than his predecessor and his confrontational rhetoric has made him a bogeyman for opposition liberals and socialists. Even one of his former colleagues admits: "Boross scares people."

Critics point to Mr Boross's call for a strong centralised state to ensure governahility and strong armed forces to maintain the security of Hungary and the 3.5m ethnic Hungarians across the borders.

> His uncompromising conservatism and rhetoric have made him a bogeyman for opposition liberals and socialists. Even one of his former colleagues admits: 'Boross scares people'

The conservatism of Mr Boross is of tbe nncompromising variety. When Amnesty International issued a critical report oo human rights in Hungary, the then interior minister labelled the anthors "over-sensitive liberal philanthropists that you find in every country".

So much for words. As for actions, opposition politicians note a coincidence, although they cannot prove it was any more than that. While Mr Boross was acting prime minister when Mr Antall was in Germany receiving treatment in October and November, the Evening Balance TV news, a sharp cabaret radio show and other allegedly "disloyal" programmes were suspended.

Mr Boross is nn extremist, however. He rose in politics through Mr Antall's sponsorship and so is unlikely to diverge too far from his predecessor's patb. The Forum chose him precisely because he nffered competent leadership and continuity.

The bigger question is whether Mr Boross will be able to revive the Fornm's electoral chances in the run-up to elections expected next May. The party is running fourth in the opinion polls with around 10 per cent support while the Smallholders party, a key partner in the conservative coalition, has self-destructed.

Mr Boross'a owlish face brings little to the Fornm's televisual, and electoral, appeal. But he, unlike his predecessor, has at least the physical rnhustness to condnct a campaign, and his forceful and plain speaking could prove an asset.

Personality, however, will prove less decisive than the economy, which has contracted by 20 per cent since 1990 and brought approval for the government down with it. The problem is that Mr Boross has little room to stimulate the economy and so raise voters' sense of well-being.

At the central bank council meeting last week the National Bank of Hungary, the newly independent central bank, held to the monetary tightening which has seen money-market interest rates rise 5 per cent since July, compounding government fears that tight monetary policy will snuff out economic recovery next year.

Politically, prolonged economic stagnation plays into the hands of the Hungarian Socialist party, the former communists.

After the recent shock over the Russian election results the Forum may be able to win back moderate voters with a red scare and the party's record of steady government. But even if the conservatives and the Forum fail, Mr Antall will at least have the posthumous honour of being not only post-communist Europe's longest serving head of government, but also one of the few to have departed undefeated.

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Clinton plea over Libyan dissident

By Mark Nicholson in Cairo

President Bill Clinton has issued a personal appeal to President Hosni Mubarak of Egypt on behalf of Mr Mansour Kikhia, a former Libyan foreign minister and prominent opponent of Colonel Muammer Gadaffi's regime who disappeared mysteriously in Cairo 10 daya ago.

US officials said yesterday they were "very concerned" about the fate of Mr Kikhia, whom Libyan opposition gronps claim was abducted by Libyan agents soon after arriving in Cairo to attend a human rights meeting. His disappearance coincided with a call by Libya's "basic popular committees" in Tripoli to "crush traitors and spies" and followed a speech in November by Col Gadaffi during which he said opponents of his regime who had "escaped to America" deserved "slaughter". Mr Kikhia, who came to Cairo from his home in the US, heads an umbrella group of four anti-Gadaffi opposition factions.

Mr Kikhia'a disappearance is a profound embarrassment to the Egyptian government, which says it is doing everything to discover his whereabouts. Yesterday, Mr Osama el-Baz, Mr Mnbarak's sanior political adviser, travelled unexpectedly to Tripoli, apparently to discuss the missing former minister.

According to Mr Henry Schuler, Libya specialist at the Washington-based Centre for Strategic and International Studies who says he is a close friend of Mr Kikhia, the former Libyan minister was given personal assurances from senior Egyptians for his security in Cairo before leaving for Egypt.

Mr Kikhia's case, which was also raised last week by Mr Boutros Boutros Ghali, the United Nations secretary general, in a message to the Egyptian authorities, has raiaed serious concern among western governments that Col Gadaffi may have abandoned any attempts to curry favour in the west and is intent instead on reviving his self-appointed role as a maverick and dangerous nuisance. "If it is proven that Mr Kikhia has been abducted, it would be a very serious change in policy," said one western diplomat.

Col Gadaffi bas raised his anti-western rhetoric considerably since tha UN voted to toughen sanctions against Libya on December 1 for its continued refusal to hand over two agents suspected of planting the bomb which destroyed PanAm 103 over Lockerbie five years ago this week.

Libyan television on Sunday hroadcast apeaches hy Col Gadaffi in whicb he said he would "feed the fish nf tbe Mediterranean on tbe white flash of Britons, Americans and Frenchmen". He also said: "We have waved the olive hranch for two years, we have accepted mediation, we have told them (the west) that we want peace, hut these arrogant people have replied hy reinforcing sanctions."

Earlier this month, Col Gadaffi also invited radical groups, including members of the Irish Republican Army, and Palestinian groups associated with bombings and hijackings to Tripoli, in outright defiance of UN resolutions ordering the Libyan regime to renounce any links with international terrorism.

Intense US interest in Mr Kikhia's case stems in part from concern over this apparent shift of policy. However, it also derives from the fact that he holds a US work permit, runs a business in Missouri and has an American wife, who wrote to President Clinton immediately after his disappearance.

S African right seeks eleventh hour deal

By Patti Waldmeir in Johannesburg

South Africa's right-wing Freedom Alliance was in eleventh-hour talks last night with the government and the African National Congress aimed at securing the alliance's agreement to the post-apartheid constitution before parliament votes it into law tomorrow.

Attempts were being made to agree constitutional changes accommodating the demands of the right wing, which includes the Inkatha Freedom party and white groups, for greater fiscal and legislative powers for regional governments, including amendments which would leave room for an Afrikaner homeland.

The ANC and the Afrikaner Volksfront announced yesterday they would today sign an agreement in principle endorsing the idea of such a homeland. However, this represents only a tentative first step towards a "volkstaat", which is likely to have only limited autonomy.

Nevertheless, the agreement appears to have prompted divisions among right-wing Afrikaners: between moderates, represented by General Constand Viljoen and his Afrikaner Volksfront, and Conservative party radicals, led by Mr Ferdi Hartzenberg.

It is believed that Mr Hartzenberg will not sign the accord, although some more moderate Conservative party MPs will attend the ceremony in support of it. The agreement will be signed by Gen Viljoen and Mr Jacob Zuma for the ANC.

The absence of Mr Hartzenberg from the ceremony highlights a potential split between the right, and the risk that the ANC might be unable to persuade the radicals – including the paramilitary Afrikaner Weerstandsbeweging (Afrikaner Resistance Movement) – to accept a constitutional settlement and participate in next year's all-race elections.

The ANC bas been treading a difficult path, trying to draw in the far right without conceding too much autonomy to any future Afrikaner homeland and alienating its own supporters.

The Freedom Alliance, government and ANC, meeting together for the first time, have until 8am today to secure agreement before a final draft of the constitution is printed for a parliamentary vote.

Freedom Alliance representative Tom Langley (left) and Cyril Ramaphosa, the ANC's chief negotiator, discuss post-apartheid constitutional amendments during talks in Cape Town yesterday AP

Delhi set to resolve telecoms policy

By Stefan Wagstyl in New Delhi

The Indian government is preparing to announce early next year the terms under which private companies can enter the country's under-developed telecommunications sector.

Mr N Vittal, chairman of the government's telecommunications commission, said yesterday he hoped ministers would decide on the new policy by the end of January.

The rules will bring together legal, technical and financial conditions under which private groups, including foreign companies, would compete with the monopoly state telecommunications network.

Northern Telecom of Canada and Qualcomm, US West and Media Digital, all of the US, are among companies which have submitted operating proposals. Potential bidders also include Indian commercial groups such as Calcutta-based RP Goenka and Delhi-based YK Modi.

The most advanced project is a \$100m (£67m) scheme submitted by US West for the industrial town of Tirapur and its surrounding rural district in the southern state of Tamil Nadu. The company would install a wireless-based system temporarily before laying fibre optic cables. The proposal has been cleared by the government's foreign investment promotion board but is waiting for approval under the terms of the new rules.

Other schemes include Northern Telecom's offer to operate basic telephone services in the northern state of Himachal Pradesh, and a plan from Southern Wireless Communications, a venture supported by Comsat, the international satellite communications operator, to run telecommunications in the southern state of Kerala.

Mr Vittal told journalists he hoped to increase the number of telephone lines in India from 7m to 20m in the next two to three years.

The chairman, who has been criticised by trade unions for his privatisation plans, said he had given workers assurances that neither their jobs nor promotion prospects would be harmed. The planned expansion of services would secure jobs, and workers would be retrained.

Zhu fails to cool Chinese economy

By Our Foreign Staff

Mr Zhu Rongji, vice-premier in charge of China's economy, admitted yesterday that measures he introduced earlier this year have not yet succeeded in eliminating overheating.

"The macro-economic control policy has made encouraging achievements but we have not found a basic solution to prominent problems in the economy," he was quoted as saying by state radio.

"There has not been a basic change in the fact that fixed-asset investment has remained high and money supply growth has remained large. The pressure of inflation still exists."

However, Mr Zhu's remarks underlined his determination to press ahead with economic reform while attempting to cool growth, which is expected to be 13 per cent in 1993, for the second successive year.

His attempts since July to reassert macro-economic control by restricting bank credit and financial speculation have made him vulnerable to attack, particularly from powerful Communist party officials in the provinces and state-owned industry.

Mr Zhu, who is also governor of the central bank, insisted recently that his measures remained on track, denying he had been forced to abandon them and loosen control of money supply.

He stressed yesterday that control of inflation remained a priority. "Stabilising the grain price and inflation... are key to a smooth implementation of next year's reforms," he said.

Workers install a statue of Chairman Mao in Shaoshan, south China, where the leader was born 100 years ago this month AP

Grain prices have been of particular concern as inflation in big cities reached 21.9 per cent in November. Mr Zhu said the large increase in the price of grain at the end of November was "abnormal, transient and caused by psychological factors". China was enjoying a bumper harvest and stockpiles were at record levels.

He said the state would sell some of its grain stocks to force prices down.

He added that peasants, bearing government promises that the purchase price of grain would rise next year, had held on to stocks and officials did not understand how the market system should work.

Australia and US air peace

By Nikki Tait in Sydney

Australia and the US have reached agreement on a new three-year aviation pact, which will give two airlines from each country equal access to the valuable North Pacific route, from the US via Asia to Australia. The deal follows a vicious and protracted aviation dispute between the two countries earlier this year.

Under the agreement, which is effective immediately and will last for at least three years, each country will be able to designate two carriers to serve the route. Each of these four carriers will then be offered a start-up capacity of three frequencies per week.

Any growth in capacity on the route after this will only take place if the carriers in aggregate achieve a 70 per cent passenger load factor, and if at least 55 per cent of their passengers represent "through-traffic" from the US to Australia. Australia will also receive a number of new route rights, including Mexico, as a new "beyond and intermediate point" on the South Pacific route, and some additional points in the US on the North Pacific route.

At present, Minnesota-based Northwest Airlines is the only US or Australian carrier operating on the North Pacific route, three times a week. Chicago's United Airlines has long sought to fly daily from New York to Sydney via Tokyo, but has encountered problems with both the Australian and Japanese authorities.

Australian carriers, meanwhile, have been hampered by the former restriction which guaranteed US airlines unilateral access to the first eight frequencies on the route each week.

Now it seems likely that Qantas – the country's long-established international airline – will be one of its designated carriers. Ansett, primarily a domestic airline but now pushing into the international arena, could be a second.

The new agreement follows a bitter dispute this year, when Australia claimed Northwest Airlines, the US carrier, had breached a "50 per cent cent" rule, unilaterally imposed by Australia, on North Pacific flights.

Under this condition, Northwest faced a 50 per cent limit on the proportion of passengers which it could carry on the Japan-Australia portion of its Sydney-Osaka-Detroit flights.

Imposition of the rule was seen as a way of protecting Qantas, which draws a significant portion of its revenues from Australia-Japan flights.

Paris to host Mideast talks

By Julian Ozanne in Jerusalem

Israel and the Palestine Liberation Organisation resume talks in Paris today in an effort to break the deadlock over implementation of their peace accord. The meeting, announced yesterday by Mr Yassir Arafat, PLO chairman, comes after the apparent failure of talks in Norway at the weekend.

Israeli officials said yesterday both sides were still at loggerheads over who should control the borders of the Gaza-Jericho area, which will fall under Palestinian self-rule once Israeli troops complete a withdrawal. The officials said the Palestinians had presented a proposal for Palestinian control of the borders but with an international presence to prevent arms crossing into Gaza-Jericho and with Israel exercising remote-controlled electronic supervision.

Israel rejected the proposal and stood behind its refusal to concede control over the borders, which it sees as a matter of external security left exclusively to Israel under the peace agreement. Israel says it will allow a Palestinian presence at the borders but will not relinquish its veto over the right of entry into the West Bank and Gaza Strip.

On the second sticking point – the size of the Jericho area – officials said there had been some progress and the Palestinians had scaled down demands; requesting an area of 200 sq km after an earlier call for 345 sq km. Israel has so far offered 27 sq km.

However, Mr Jan Egeland, Norwegian deputy foreign minister who hosted the Norway talks, said both sides had made progress and had won compromise proposals.

In Jerusalem Mr Yitzhak Rabin, Israeli prime minister, said the Norway talks had been neither a failure nor a success and said his summit meeting with Mr Arafat, scheduled for this week, would be delayed unless firm progress was made through the two sides. Israeli officials said Mr Rabin was adamant the summit should only take place when it was certain the two sides could agree all outstanding issues and sign a protocol kicking-off the Israeli withdrawal from Gaza-Jericho.

In Oslo yesterday, Palestinian economic officials met the World Bank and international donors to raise funds for a Palestinian police force. Palestinian officials said the World Bank had estimated that \$96m (£64.4m) would be needed to fund the capital and recurrent costs of a 15,000-strong police force for the first year.

Keating to keep MPs sitting over land bill

By Nikki Tait

Mr Paul Keating, Australian prime minister, said yesterday Australia's federal parliament would continue to sit for as long as necessary to debate the highly-contentious "native title" bill, which sets up a system for dealing with land claims by aborigines and Torres Strait islanders.

The Australian parliament was meant to rise last week but recovened yesterday in an effort to debate the legislation and deal with over 200 proposed amendments before Christmas.

Opposition leaders and interest groups such as the mining industry, which are fighting the legislation, have urged either that it be scrapped or that the matter at least be reconsidered in the new year.

Mr Keating said yesterday that "if we have to sit here until Christmas Eve and come back on Boxing Day and keep going, we will, because we're going to see the senate vote on this bill".

He added that the government was justified in seeking to have the bill passed this year, in the light of the extensive consultation process that had already taken place.

Taiwan eases investment curbs

By Dennis Engbarth in Taipei

Taiwan announced yesterday that it would lift all restrictions on repatriation of investment earnings by foreigners and raise the limits on foreign investment in the securities, banking and insurance sectors.

Mr Chang Chang-pang, deputy finance minister, said the moves "would bring our financial services rules closer to the spirit of the Gatt Uruguay Round" and would promote Taiwan's efforts to become a regional financial centre.

Until now, foreign investors have only been allowed to invest up to \$100m at a time and must wait three months to repatriate income or capital.

Mr Samuel Shieh, governor of the Central Bank of China (Taiwan's central bank), said it was "still not appropriate" to lift the ban on individual foreign investors owning more than 5 per cent of the stock of a listed Taiwan company.

IMF shrugs off setback on new fund

By George Graham in Washington

The International Monetary Fund is to press ahead with its new subsidised loan fund to help the world's poorest countries restructure their economies, even though it has failed to win cash pledges from the US and Germany.

The IMF board has decided to set up the new fund, a successor to its enhanced structural adjustment facility, and hopes to start lending from it by the end of February.

IMF officials have been looking for SDRs5bn (£4.71bn) for the new ESAF's capital account, on which contributors receive interest, and a separate account of SDR2.1bn to subsidise the interest rates it charges to borrowers down to the minimal level of 0.5 per cent.

Some of the money for the subsidy account is to come from the IMF's surplus funds, but the Washington-based institution has been looking for about SDR1.5bn of donations from richer countries.

Mr Jack Boorman, director of the IMF's policy development and review department, said pledges had been received from 37 countries to cover 83 per cent of the amount needed for the subsidy account.

Other Washington officials said, however, that some of these pledges were at least implicitly conditional on Bonn and Washington taking a fair share of the burden.

Like other countries, Germany and the US face sharp constraints on overseas aid budgets.

Germany, in particular, believes it has borne more than its share of the burden of helping eastern Europe and the former Soviet Union.

In addition, financial officials in Washington say the developing countries which receive ESAF loans need to make it clearer to donor governments how much they need the facility. They have often been their own worst enemies by lobbying more strongly for bilateral aid, which may have fewer strings attached to it than ESAF loans.

Good news of world's health

By Gillian Tett

The progress made in eradicating common childhood diseases across the world is one of the greatest untold "good news" stories this year, the United Nations Children's Fund said yesterday in its annual State of the World's Children report.

The report, which will be unveiled by US President Bill Clinton today, says that concerted international effort has raised the level of basic child immunisation coverage to almost 80 per cent across the world, up from 5 per cent 25 years ago.

But in spite of the deliberately upbeat message, which comes after a year in which UN agencies have faced growing criticism of their effectiveness and management, the report insists that some \$25bn (£16.7bn) a year will be needed to tackle the broader problems of child poverty.

The area of greatest progress has been against childhood diseases. In spite of a fall in immunisation levels this year, the report stresses that:

- the number of children dying from measles has been cut from 2.5m a year in the early 1980s to 1m this year;
- the number crippled by polio has fallen to 140,000 a year, from 500,000 in 1980;
- deaths from diarrhoeal diseases has fallen by more than a million, to below 3m;
- family planning schemes have contributed to a cut in tha average number of births, down to 3.7 per woman from 6 per woman one generation ago.

On the gloomier side, though, children have now become one of the chief victims of war, not only in high-profile regions such as Bosnia, but also in lesser known wars in Africa – in the last decade alone 1.5m children have been killed in armed conflicts, with a further 4m maimed or injured, Unicef estimates.

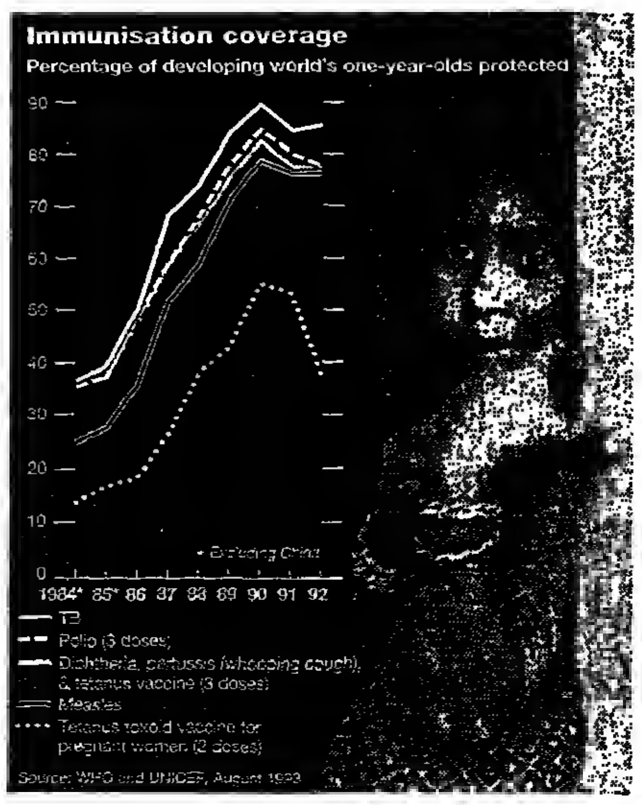
One million children have become victims of Aids, which is now overtaking measles as the main killer of children in several African countries. Meanwhile, the spiral of poverty, population growth and environmental degradation is threatening most of the Third World, the report says, with Africa still sliding backwards into poverty.

Unicef denies the decision to focus on positive progress represented any deliberate attempt to deflect criticism, and points out that, unlike that of other UN agencies, Unicef's \$938m budget does not come directly from the UN but from donor governments – a situation many aid workers believe leaves Unicef more sensitive and accountable than many other UN agencies.

But coming after a year of fierce debate about the role of multinational aid groups and their relationship with the state and non-governmental sector, Unicef has faced criticism of its own level of bureaucracy and the sustainability of some of its programmes.

Save the Children fund, a non-governmental organisation whose director recently called for a re-evaluation of the mandate of UN agencies, yesterday said it welcomed Unicef's attempt to counter negative media images of the Third World.

But it pointed out that since most progress against childhood diseases had been achieved through outside funding, fears remain about the sustainability of these projects. Although the World Bank calculates that \$12 a head is needed each year in developing countries to achieve basic health care, most countries are only spending around \$1.50 a head, leaving them dangerously dependent on the plans of outside aid agencies. Save the Children said.



Elliott learns soon if he faces charges

By Nikki Tait

Mr John Elliott, the Melbourne-based businessman and former head of the Elders IXL brewing and agribusiness group, will not know until tomorrow at the earliest, if be is to be charged in connection with A\$66.5m (£30.2m)-worth of allegedly illegal foreign exchange dealings.

Mr Elliott is seeking special leave to appeal against the lifting of injunctions which, for several months, have barred the authorities from charging him and four other individuals over the alleged theft. The application for leave to appeal was dismissed by a full Federal Court last week and moved on to the High Court yesterday.

However, after a day of submissions, Justice Gaudron said she would give a written judgment tomorrow or Thursday.

OECD jobless total may hit 35m in 1994

By Peter Norman, Economics Editor

As many as 35m people could be jobless in the industrialised world next year and the modest growth in prospect holds out little hope of a rapid fall in unemployment, the Organisation for Economic Co-operation and Development reports in the latest half-yearly Economic Outlook.

The Paris-based body, which is owned by governments to promote international economic co-operation, says an increasingly solid expansion is under way in North America while moderate, if unspectacular, recoveries are continuing in the UK, Australia, New Zealand and some smaller European countries. Activity in member countries should also be supported by strong growth outside the OECD, especially in Asia.

But in continental Europe, the recovery that was expected last spring is "not yet apparent", while economic activity in Japan has renewed its decline.

OECD ECONOMIC OUTLOOK

Summary of Projections*
(Seasonally adjusted at annual rates)

	1993	1994	1995
Real GDP (% change)**			
US	2.8	3.1	2.7
Japan	-0.5	0.5	2.3
Germany	-1.5	0.8	2.2
OECD Europe	-0.2	1.5	2.5
Total OECD	1.1	2.1	2.7
World Trade (% change)**	2.6	5.4	6.4
Inflation (GDP deflator)(% change)**			
US	2.3	2.4	2.3
Japan	1.0	0.7	0.7
Germany	4.0	2.9	2.0
OECD Europe+	5.2	3.0	2.5
Total OECD+	2.5	2.3	2.2
Unemployment (% of labour force)			
US	6.9	6.5	6.2
Japan	2.5	2.9	2.8
Germany	8.9	10.1	10.3
OECD Europe	10.7	11.4	11.5
Total OECD	8.2	8.5	8.4
Budget Balances● (% of GDP)			
US	-3.6	-2.7	-2.1
Japan	-1.0	-2.0	-2.4
Germany	-4.0	-3.5	-2.7
OECD Europe	-6.8	-6.3	-5.6
Total OECD	-4.6	-4.2	-3.6
Current Balances (% of GDP)			
US	-1.7	-2.0	-2.1
Japan	3.3	3.1	3.0
Germany	-1.1	-0.8	-0.7
OECD Europe	-0.1	0.2	0.6
Total OECD	0.0	-0.1	0.0

*Assumptions include: no change in policies; no change in exchange rates from Nov 2 1993, ie $ = Y108.17 and DM1.70. oil price $15 a barrel for second half 1993 and constant in real terms thereafter. Cut-off date for other information used in the projections was Nov 9. **from previous period. +excluding Turkey, where inflation projected at 62%, 70% and 60%. ● general government financial balances. Source: OECD Economic Outlook 54.

GDP forecast to grow by 2.1% next year

The OECD expects gross domestic product of the industrialised countries will grow by 2.1 per cent next year after only 1.1 per cent in 1993 and will accelerate to 2.7 per cent in 1995. It is a measure of the frustrations and exaggerated hopes of the past two years that its forecasts for the period immediately ahead are roughly the same as those in its Outlook of December 1991.

One bright spot is the fall in inflation to 4 per cent or less in 20 of the organisation's member states. This trend is forecast to continue with inflation in the area, excluding Turkey, expected to fall to 2¾ per cent by 1995. This, if sustained, "will help to establish an economic environment more conducive to sustainable increases in productive investment, output and employment than has existed since the early 1960s."

In the short term, however, the employment outlook is bleak, especially on the European continent. The OECD expects the European jobless rate will rise to 11.5 per cent in 1995, when more than 22m will be out of work, from 8.6 per cent in 1991, when 16.5m Europeans were unemployed.

The marked economic variations among the OECD's 24 member states require significantly different policy responses. However, the organisation urges all countries to press on with structural reform to make economies more efficient.

In particular, it urges the increased use of market mechanisms to improve quality of public spending. Otherwise, it sees little scope for fiscal policy to support activity because most countries are having to deal with excessive deficits.

In Europe, for example, there is "virtually no room for any fiscal stimulus". Indeed, some heavily indebted countries including Italy, Belgium and Greece, should do more to cut their budget deficits.

It recommends caution even in Japan, perhaps the only member country able to contemplate a fiscal boost. Tax cuts should be temporary and designed to achieve other desirable goals.

For example, a cut in Japan's direct taxes now could be offset later by a phased introduction of higher indirect taxes which would improve government revenues.

The gathering US recovery suggests "this is the one major country where additional support to activity is not an immediate concern". Instead, the OECD reminds Washington that more action will be needed to reduce its structural budget deficit.

It hints strongly that the Federal Reserve will have to tighten monetary policy soon to lock in low inflation and projects a steady rise in US three-month interest rates to 4.7 per cent in the second half of next year and 5.1 per cent in late 1995, from 3 per cent at present.

Interest rates will be crucial to developments in Europe. The OECD argues that falling rates have underpinned recovery in the English-speaking countries and prescribes the same medicine for the European continent but not for the UK.

Yesterday Mr Kumiharu Shigehara, the OECD's chief economist, said that monetary easing must play the central role in supporting economic recovery on the European continent.

"At this stage, prospects for a decline in German inflation appear favourable, and any room for easing monetary conditions further without undermining the credibility of policy should be used fully," he said.

However the OECD outlook recognises that problems could arise if German inflation remains high. To cope with this, other European countries should take steps to bolster their own counter-inflation credibility, possibly by setting inflation targets or giving their central banks greater independence.

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Kumiharu Shigehara: need to ease monetary conditions

Yen's rise means slow recovery

By Peter Norman, Economics Editor

The steep appreciation of the yen since mid-1992 is a shock which will have far-reaching effects on the Japanese economy and elsewhere for many years, the OECD report says.

The yen's effective appreciation of nearly 30 per cent since the first half of last year, coming on top of over-investment and esset prica inflation, means any recovery in Japanese economic activity is expected to be slow "with 1994 likely to register, at best, very weak growth".

In the longer term, the OECD believes the yen's rise could reduce the level of Japan's current account surplus by nearly $60bn or 1.5 per cent of gross domestic product in 1997. The OECD says the US current account could benefit to the tune of $18bn a year by 1997 from Japan's loss of competitiveness and market share, while the current account position of the four largest European economies could improve by $24bn altogether.

The OECD says the yen's rise is likely to hit production in Japan next year so that output by late 1995 could be 2 per cent lower than it would have been with an unchanged exchange rate. Competitive pressures on wages and profit margins could lower domestic prices by 5 per cent during this period.

The OECD expects a 0.7 per cent drop in Japan's merchandise export volumes next year. It reports that many businesses are finding it unattractive to supply customers with products made in Japan.

UK expected to see growth of 2.9% next year

By Peter Norman, Economics Editor

The recent UK budget will have a negative impact on demand in the short term and could reduce Britain's growth rate by about a quarter of a percentage point both in 1994 and 1995, the OECD believes.

Mr Kumiharu Shigehara, the OECD's chief economist, said that the tax increasas and spending cuts were nonethaless a welcome move towards cutting the UK's budget deficit.

The recent fall in interest rates would partly offset tha negative effects on growth of the fiscal tightening, he said. On the basis of a tentative assessment, the OECD believes that the budget measures announced by Mr Kenneth Clarke, the chancellor, will have no adverse effect on inflation.

In its economic outlook, published yesterday, the OECD says that recovery in Britain is "well under way" and forecasts sustained modest economic growth with low inflation for the next two years.

The outlook, which was completed before the November 30 budget, forecasts that UK economic growth will quicken to 2.9 per cent next year and in 1995 from 2 per cent this year while unemployment should fall slowly to 9.5 per cent in 1995 from 10 per cent at present.

It says Britain's short-run inflation outlook is benign, largely because of the legacy of the longest post-war recession. However, underlying inflation, as measured by the retail prices index minus mortgage interest payments, may remain above the mid-point of the government's 1-4 per cent target range.

The organisation says the effects of the substantial easing of monetary policy since sterling's exit from the European exchange rate mechanism have yet to be fully felt. Because UK interest rates have fallen sharply since September 1992, the OECD expects little change in UK short-term rates in the next two years.

It projects that they will average 5.5 per cent next year after 6 per cent in 1993, before rising slightly to 5.7 per cent in 1995.

The OECD believes there is still considerable slack in the UK economy.

It estimates that the output gap – measuring the difference between real gross domestic product and its potential – was 5.5 per cent last year, second to Canada's 5.9 per cent in the Group of Seven leading industrial countries and well above the US and German output gaps of 0.7 per cent and 0.6 per cent respectively.

Conclusion of Uruguay Round is only half the battle

Trade rows need to be tackled

By Peter Norman in Paris

The Organisation for Economic Co-operation and Development yesterday urged governments to use the momentum for trade liberalisation created by last week's Uruguay Round agreement to tackle other trade disputes and difficulties.

Mr Kumiharu Shigehara, the OECD's chief economist, told a press conference that the successful conclusion of the Uruguay Round did not mean that all trade problems were solved.

He pointed out that the final agreement either did not cover or only partially covered a number of long-standing problems. New issues such as the interaction between trade and measures to protect the environment bad emerged since the start of the round and were creating friction.

Fresb threats to the multilateral trading system had also emerged during the past years of recession and slow growth in the industrialised world and there had been a perceptible drift towards managed trade measures, he said.

Although he did not name the US, which bas sought numerical goals for reducing Japan's trade surplus, Mr Shigehara criticised moves towards bilateral "results-oriented" approaches to trade aimed at guaranteeing market sbares or setting specific changes in bilateral trade balances.

Another problem was the emergence of an environment in which vested interests were protected at the expense of the consumer and which ultimately damaged the industries that were being protected by taking from them the incentive to innovate.

Mr Shigehara said governments – and in particular the 24 industrialised member states of the OECD – should resist these wider threats to the global trading system by building on the Uruguay Round agreement.

The round could start having a positive psychological impact on the global economy next year. However, it still had to be ratified so that its beneficial effects would be felt only gradually.

The OECD has estimated that the trade liberalisation measures agreed in the round could boost world welfare by $270bn (£181bn) at current prices by 2002. Yesterday, Mr Shigehara said that this figure, which would be equivalent to about 1 per cent of likely global income, was "probably an underestimate".

Jolt for Ulster peace hopes

By David Owen and Tim Coone

Hopes of peace in Northern Ireland were jolted yesterday when Mr Gerry Adams, the Sinn Féin president, called for all IRA prisoners to be released from jail as part of a negotiated settlement.

His demand angered Protestant leaders. One Ulster Unionist MP immediately warning that his party's "tentative approval" of the Major-Reynolds peace initiative could be withdrawn.

The row blew up after Downing Street again ruled out a special amnesty for IRA prisoners. Officials acknowledged, however, that all prisoners could have their sentences reviewed under standard procedures which took account of their likeliness to reoffend.

As two bombs exploded starting fires in central London, Mr Dick Spring, the Irish foreign minister, put a more positive gloss on events, saying the fact that the paramilitaries were considering the implications of the peace process was "very encouraging."

Speaking in Brussels where EU foreign ministers yesterday endorsed the Downing Street declaration, Mr Spring reiterated Dublin's view that "the whole question of prisoners" would have to be looked at if a permanent cessation of violence was achieved.

Seeking to exploit a suggestion by Mr Albert Reynolds, the Irish prime minister, that London might be ready to consider the future of IRA prisoners, Mr Adams said a settlement would "remove the symptoms as well as the causes of the conflict."

"As part of this it is obvious that all prisoners must be released," he said.

In a strongly-worded statement, the Sinn Féin president also criticised Mr Reynolds' weekend warning that the IRA faced a tough security clampdown if it did not respond positively to the peace initiative.

He said: "The issuing of ultimatums by London and Dublin while we are considering their document is most unhelpful. We have been around for too long now for this kind of Lloyd Georgian approach."

Mr Ken Maginnis, the Ulster Unionist security spokesman, warned the two governments not to "hand hostages to fortune" to the IRA.

Separately, Mr John Hume, SDLP leader, said Sinn Féin's response to the declaration would come next month. Speaking after resuming his talks with the Sinn Féin president, Mr Hume said Mr Adams remained "totally committed" to the peace process.

Britain in brief

Boost for North Sea production

The steady rise in North Sea oil and gas production which has been a big factor behind falling international oil prices will be boosted even further this week when the East Brae field off Scotland comes onstream.

The first oil should flow today or tomorrow, according to Marathon Oil, the operator of the field. East Brae has a capacity of 100,000 barrels per day, although the initial production rate will be about 20,000 b/d. Investment in the field totals £867m.

Output from the UK sector of the North Sea rose to 2.43m b/d in November, compared with 2.13m b/d a year earlier. Production will rise even further next year as new fields such as East Brae approach their peak production rates.

Bids freedom on lottery

Applicants for the licence to run the UK's multi-billion pound National Lottery are to be given the freedom to make as much information about their bids public as they want to.

The move towards potentially greater openness represents a change of heart by Mr Peter Davis, director general of the National Lottery.

Last month's draft rules set out very rigid conditions of confidentiality for all applicants. They would, the draft documents said, "be required formally to agree" that neither they, nor the director general, be allowed to publish anything other than the names and addresses of the applicants without the approval of the other.

BOC goes to National Grid

BOC, the industrial gases company, is to save £300,000 a year on its electricity bill after becoming the first industrial company since electricity privatisation to draw a new major power supply direct from the National Grid.

The deal for the company's £45m production and distribution complex at Brinsworth, near Rotherham, means that BOC will not need to use or pay for the distribution network of Yorkshire Electricity, the local power distributor.

ITN wins deal on German poll

Independent Television News has won the contract to provide the computer graphics and results processing for coverage of next year's regional and national elections in Germany on the RTL satellite channel. The contract was won in opposition to German suppliers.

'Block planned' over EU code

The department of transport is attempting to block European Union inspired reviews of the environmental impact of large road and rail schemes, according to a leaked letter from Mr John MacGregor, transport secretary, to Mr Tim Yeo, environment minister.

Friends of the Earth, the environmental group, which has obtained a copy of the letter, said last night, it would take High Court action against the government if Mr MacGregor succeeded in blocking the environmental reviews. The department of transport said it could not comment.

Swaps appeal lost by council

Islington Borough Council in north London last week lost its appeal against a High Court decision earlier this year that it should repay £1.1m received from WestDeutsche Landesbank, under interest rate swap agreements.

A spokeswoman said the council was "consulting with counsel on whether to appeal". The case was the first in a series of test cases following a House of Lords' ruling that local authorities had no power to enter interest-rate swap agreements. The Lords' decision left 80 banks facing losses of £560m, some of which they are seeking to recover through restitution –. reclaiming the interest paid to councils under the invalid swap agreements.

Companies help boost prospects for UK recovery

By Peter Marsh in London and Peter Norman in Paris

Prospects for steady economic expansion in the UK next year brightened yesterday with news of a big improvement in company finances and an upward revision of growth in the third quarter.

Hopes of a continuation in Britain's relatively strong economic performance were also buoyed by the Paris-based Organisation for Economic Co-operation and Development, which said the UK would experience modest growth with low inflation for the next two years.

Mr Kumiharu Shigehara, the OECD's chief economist, welcomed the UK government's move in the November 30 Budget to reduce the large fiscal deficit, even though he said the large tax rises and spending cuts due over the next year would dampen demand.

On the London stock market, shares rose to yet another record high on the back of expectations that Mr Kenneth Clarke, the chancellor of the exchequer, would cut interest rates soon to offset the effects of the fiscal tightening and keep the recovery in the British economy on track.

The FT-SE 100 index of leading shares jumped 27.8 to close at 3,364.8, a rise of nearly 8 per cent since the day before the Budget.

In the 15 months since Britain left the European exchange rate mechanism of the EMS, the index has put on almost 1,000 points.

In the third quarter, UK companies recorded a financial surplus of £1.726bn, the highest for seven years.

Optimism about growth prospects was nudged higher by other government figures showing gross domestic product expanded 2.1 per cent in the third quarter on a year earlier, stronger than the 1.9 per cent growth previously thought.

Regulator faces Mercury action

By Andrew Adonis

Oftel, the telecommunications regulator, is being taken to court by Mercury, the main competitor to British Telecommunications, in the first action to be pursued against a regulator of the former state utilities.

Mercury claims that Oftel has not offered it reasonable terms for the carriage of its traffic by BT, through a consistent misinterpretation of BT's government licence.

The legal challenge reflects Mercury's mounting frustration at the impact of the current inter-connection regime on its ability to compete against BT.

Mercury, a long-distance carrier with about 10 per cent of the UK telecom market, uses BT'e network to deliver most of its calls to their final destination. At present, it pays BT on a per-minute basis, using BT'a charge bands.

Mercury wants Oftel to introduce a radically different structure, based on network capacity, which it claims would enable it to break free of BT's tariff structure.

Mercury is seeking a declaratory judgement from the High Court, which if successful will form the basis for its next inter-connection agreement with BT. Negotiations start next year.

Mr Don Cruickshank, Oftel director general, told an FT conference earlier this month that he wanted to move towards a pricing regime for inter-connection which left competitors unconstrained by BT's own tariff structure.

Mercury said yesterday it was not prepared to wait for the "few years" it will take Mr Cruickshank to implement any changes.

If successful, Mercury's action might encourage others to take regulators to court.

Globe rises as a fitting monument

By Antony Thorncroft

"It's business as usual. The Globe will open in April 1995, just as Sam would have wished".

That was the predictably defiant word from the Shakespeare Globe Trust yesterday as it came to terms with the death at the weekend of Sam Wanamaker, the American actor who had devoted the last 24 years of his life to building a new Globe Theatre on London's Bankside.

The site is within yards of the location of the Elizabethan Globe, the theatre which Shakespeare part-owned and which saw the first performances of many of his plays.

Wanamaker, 74, had been suffering from cancer for many years. He died just as the £20m project, which had caused him so many disappointments and setbacks, was starting to rise on the south bank of the Thames.

Wanamaker was winning over his opponents. The original hostility of Southwark Council to the scheme has turned to support, and business, foreign as well as British, is backing him with cash, as well as help in kind – Ibstock, the brick maker, has given bricks for the construction, and SmithKline Beecham had supplied twelve oak trees as timber.

The Globe Trust has now raised £10m, and only another £2m is needed to ensure that the theatre, with a capacity of 1,500, is completed. But a further £8m is wanted to round off the one acre site and make the project'e financial future more certain. The Globe would find it hard to break even on box office revenue from its summer season: the planned pub and restaurant; a 300-seat studio theatre, the Inigo Jones; a Shakespeare museum and library; plus some offices, should ensure its financial viability.

The theatrical Establishment in the UK, which sees little need for the Globe when two subsidised theatres often presenting Shakespeare, the Royal National and the RSC at the Barbican, are both a mile or less away, has still to be won round. Wanamaker also failed to attract financial aid from the government, although the Globe Trust has hopes of gaining Lottery money.

The future of the Globe is very much in the hands of the chairman of the Trust, Mr Michael Perry, chairman of Unilever. Along with Mr John Hignett, of Glaxo, which has given over £100,000 towards the project, he has helped to rally commercial interests behind the idea.

A new chief executive will be chosen soon. It could be a businessman, or an actor.

The recent discovery of the actual remains of both the original Globe and the Rose Theatres has increased interest in the area. A Southwark underground station on the line to Canary Wharf will bring an audience close to the Globe, and there is a good chance that the new Tate Gallery of Modern Art will be built alongside it. Sam Wanamaker must have died with his ingrained faith in the justification of his life's work intact.

Sam Wanamaker on the site of the reconstruction of Shakespeare's Globe Picture: Colin Beere

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TECHNOLOGY

Europe's green seal

Della Bradshaw looks at recycling toner cartridges

The latest vending machine to appear in the office blocks of New York will not be selling cups of coffee ot chocolate bars but replacement toner cartridges for tha offices' laser printers.

Most importantly, the machine will only release a replacement cartridge if a used one is inserted into the appropriate slot so that it can be recycled.

In the US the recycling of used toner cartridges is already a $500m (£335m) business, with some 5,000 companies involved in the recycling. That said, only 32 per cent of replacement cartridges are recycled.

In Europe even fewer cartridges are recycled. More than 90 per cent of replacement cartridges bought contain no recycled parts. But with estimates that by 1994-5 there will be more replacement cartridges sold in Europe than in the US – 37m as opposed to 36m – European companies are beginning to take a growing interest.

As many European business consumers know to their cost, the potentially huge growth in the market has encouraged those wanting to make a fast buck – with little heed for quality – to leap into the market.

With that in mind, a group of European cartridge recyclers will be getting together this month to set up the Federation of European Cartridge Recyclers and Suppliers (FECRS).

The aim of the FECRS is to test and monitor the quality of recycled cartridges and to give those companies passing the rigorous screening procedures the right to stamp the FECRS logo on their packaging. Recycling involves replacing both the used toner and any other parts which are worn.

Steve Weedon, founding president of the FECRS, believes this stamp of approval will give businesses the confidence to buy recycled cartridges.

With recycled cartridges costing 30 per cent less than new ones – typically £45 rather than £70 in the UK – and the added bonus that the recycled products are 'green', Weedon believes that quality assurance will give the final fillip. "It's an easy decision for companies to take. They've got a good prodnct at a good price and it's 'green'."

Child's play: TV Teddy uses a radio signal to talk to characters on video

Teddy gets interactive

Manufacturers are seeking to produce cost-effective high-tech toys, writes **Victoria Griffith**

High-tech toys may seem a contradiction to many people, but toy manufacturers keep trying. Barbies with holographed ball gowns, teddy bears which converse with television characters and interactive Sesame Street CDs are a few of the futuristic playthings which have made their way onto store shelves this Christmas.

Although novelties like these can offer a big payback at the cash register, they can also be risky for manufacturers. High technology often implies high cost, and toys are a low-cost industry. "Most parents won't spend that much on a toy," says John Handy, vice-president in charge of design for Mattel toys, a leading US toy maker. "The vast majority of toys retail in the $5 to $30 range, so we have to spin our magic with relatively low-cost technology."

Many manufacturers stumble on this point. The toy company, Worlds of Wonder, for instance, thought it had hit the jackpot when it developed the "Julie Doll". "Julie" used advanced voice recognition techniques. For instance, if a child expressed fatigue, the doll would recognise the word "tired" and respond "I'm tired too; let's go to bed." Although an enchanting plaything, the project was scuppered by exorbitant production costs.

To make matters worse, children can be exacting customers. "Children lose interest easily, so the toys have to be extremely entertaining," Handy continues. "They also have to be sturdy, able to withstand a lot of play, and they have to meet very strict safety standards. Materials must be non-toxic, and incapable of inflicting damage to small children."

To meet the considerable challenge of designing high-tech toys, manufacturers have developed various strategies. Yes! Entertainment Corporation, a US toy maker, follows the maxim: "Keep it simple".

Yes! is putting out a product called TV Teddy, which interacts with personalities on the television screen. Consumers receive video tapes when they purchase the stuffed bear. The star of one of the tapes is Anthony, a kindly gentleman with an affection for attics.

TV Teddy works through a radio signal sent out from the TV screen. "We've encoded extra audio information into a standard TV signal," explains Lawrence McKracken, director of engineering for the group. "Most video information contains a visual track and an audio track. Our third audio track is picked up by the teddy bear."

The technology is deceptively simple, yet the company says it can be adapted to a number of different products. "The most important thing is that there's no limit to what Teddy can say," says chairman and chief executive office Donald Kingsboro. "Is this the most sophisticated interactive technology around? No. But the point is that it's available now, and it's cheap." TV Teddy retails for about $69 (£46).

Over the next few years, the company plans to launch what it calls a "new generation of multi-media toys". TV Teddy will soon be able to interact with regularly scheduled network programmes. Yes! has signed an agreement to have the stuffed bear interact with an ABC Children's special sometima in early 1994, and says similar deals are in the pipeline.

"The next step is to have the child interact with the programme directly," says Kingsboro. "Wa may provide a hand-held piece of plastic which kids could enter answers on during children's game shows. Or promote a 'draw on the screen' concept. Mayba not directly on the screen, because not many parents want their children that close to the set. But on a hand-held video picture which would also appear on the television screen."

"Interactive" is a buzz word for toys this season, and Yes! is not the only company capitalising on the new craze. Philips, the Dutch electronics group, hopes for Christmas success with interactive CD/videos for children.

Philips has a very different formula than Yes! for keeping costs down. "Our philosophy is that if the parents buy the hardware for themselves, they'll invest in extra software for the kids," said David McElhatten, president of the games division for Philips.

In October, Philips began putting out a sophisticated product which connects CDs' audio capabilities with video technology. Dubbed "CD-I" for "compact disc-interactive", Philips's new CDs hold video games, and feature-length films.

Tha technology is designed to give viewers more control over viewing and listening habits. For instance, a work-out tape can be programmed individually to play the music the consumer wants and the specific exercises the consumer wants. Music CDs can be modified to exclude songs the listener does not like, and Philips claims its videos and films are far more durable than anything available in tape form.

Despite the technology's obvious appeal to adults, Philips says nearly 30 per cent of its software sales in CD-I are in children's entertainment. The group is even selling large volumes of its hardware in toy stores like FAO Schwarz. Children are offered a wide variety of video games to choose from, with popular characters like the Sesame Street muppets and the Berenstain Bears.

US toy manufacturers Hasbro and Mattel are treading yet another path to cost-effective high-tech toys. Mattel has applied its colour-changing technology to as many toys as possible in an attempt to lower development costs. The manufacturer incorporates a temperature-sensitive paint into everything from dolls to paints.

Li'l Miss Candi Stripes, for instance, sports a white bathing suit that turns pink in cold water. Her blonde hair and lips also turn pink and orange in the cold. Mattel has just expanded its colour-changing repertoire with a new product, Solar Gak, a dough-like substance, which changes colour when exposed to ultraviolet light (ie the sun).

Keeping an eye on the shrinking cost of various technologies is also important, say toy manufacturers. Computer chips, for instance, were once formidably expensive, but have now become so cheap that they can be widely used in children's products.

Hasbro has capitalised on low-cost, high-memory chips to produce Talking Barney, a stuffed green dinosaur which says 500 different phrases at random. "Before, six or seven sayings were considered a lot," says Sharon Hartley, vice president of marketing for Playskool, the Hasbro division that makes Talking Barney. "But additional memory has become so cheap now that we've been able to use it in a number of toys."

With the cost of technology diminishing rapidly, toy manufacturers say their products will soon use technologies once thought too expensive even for the adult consumer market. "We have to keep an eye on the technology market, because it can help us provide that element of magic which is so important in play," says Hartley. "And as these technologies get cheaper, they should become increasingly easy for the toy market to tap."

Geof Wheelwright on Microsoft's plans for PCs in the house

Homing in on a new market

Microsoft wants to get into your home. The world's largest personal computer software company has announced an ambitious strategy to accelerate its participation in the home computer market and to change the way computers are used in the home.

The company has launched a new brand to handle this task – Microsoft Home – and says that the home computer products to be sold under the brand already contribute $200m (£134.2m) in annual revenues to Microsoft. The company's chairman and co-founder Bill Gates predicts dramatic further growth in this sector.

He cites a recent survey by the Connecticut-based Inteco Corporation – which revealed that more than 27 per cent of US homes already have at least one PC, and that 31 per cent plan to buy one. In homes where children are of school age the percentage jumps to 62 per cent. These figures also show that 5.5m homes plan to buy a PC in the next year.

All this is fertile ground for Microsoft, which has until now only toyed with the home market through a diverse range of products. The company currently has some 35 software titles for home users, but plans to expand that to more than 100 within the next year.

Microsoft has formed partnerships with banks, educational institutions and even parent-teacher associations to develop and promote new applications for home computers.

In the short term, the most important of these will be what Microsoft calls "edutainment" packages – which teach children new skills, introduce them to new ideas and help them to absorb information by playing games and creating stories and pictures. Such software includes electronic encyclopaedias, reference works about everything from dinosaurs to Beethoven, and children's creativity applications.

A vital technological key to the success of these developments is Compact Disc Read Only Memory (CD-Rom). This is a storage medium based on the same compact disc technology as used in stereo equipment, but storing huge amounts of computer data (up to 600Mb – or about 400 times the amount available on the average computer floppy disc). It allows software producers a low-cost way of offering "multimedia" applications that can hold hundreds of pictures, film clips, spoken words and music.

Gates estimates that within 18 months, all popular makes of computer will be shipped with CD-Rom drives and sound capabilities and predicts that more than one million similarly equipped PCs will have been sold by the end of this year.

Gates predicts that home computers will be more than just study aids for children and has negotiated agreements with several financial services companies to offer home banking services. Users will gain access to the services through the Microsoft Money financial management software package.

All these products and services, however, are a prelude to the realisation of a much broader vision of home computing that Gates has often outlined. Microsoft is a stong proponent of the development of interactive telvision and the so-called "digital highway" under discussion in the US. Gates suggests that as more homes use computers, and hook up to digital information links, it will be only a matter of time before the computer, telephone, television and on-line information services converge into a single system for handling all home entertainment, education, information and communication needs.

Microsoft could, however, face an uphill battle. To start with none of its ideas on home computing are particularly new.

Microsoft also faces competition. California-based Intuit, for example, has also made an agreement with the many US banks that have links to Visa.

And telecommunications giant AT&T has announced that it, too, is entering the home software business with plans to license home shopping software.

MANAGEMENT: THE GROWING BUSINESS

Sharp gear change

Chris Tighe on how Nissan suppliers are using training to fight hard times

In the canteen of Nissan Yamato Engineering's steel pressings plant on the edge of Sunderland, a curious scene greets visitors.

At one end, the cooks are preparing lunch but the pepper pots and water jugs on the tables have been pushed aside, to clear space for graphs and charts. Poring over the paperwork are teams of overalled shopfloor workers.

Normally, these Wearside employees would be at home asleep, recovering from the nightshift, or producing steel pressings and welded assemblies, mostly for transportation every 15 minutes, under the Just in Time production system, to the adjacent Nissan car plant.

Instead, for six weeks at a time, they are studying Total Productive Maintenance and Data Analysis Problem Solving.

The reason for this sudden change of gear is the sharp downturn in the Continental European car market. This has forced Nissan Motor Manufacturing (UK), on which NYEL is totally dependent, to halve output from November 1993 to the end of February 1994 at its £900m Sunderland plant.

The nightshift has been suspended and Nissan's 2,400 production staff put onto alternate weeks on day shift for the four months. An "agreed separation programme" has been launched, offering volunteers six months pay to leave. So far over 350 have gone but Nissan will not say yet how many more it expects to shed.

The original 1993 production target was 270,000. Output levels for 1994 are expected to be between 200,000 and 240,000 cars but the final figure will not be certain until the new year.

Nissan's immediate problems, and uncertainty over next year's production target, are a painful headache for the eight synchronous and Just In Time suppliers set up nearby since the mid-1980s to serve the car plant.

Its 1994 output target and the detailed breakdown between models and specifications provide vital planning information for these factories whose output goes mainly – in some cases solely – to Nissan.

Most had intended to diversify their customer base but the European downturn hit before the majority of the factories, mostly under five years old, had tied up many other deals. A number are at present actively seeking new customers, but the downturn throughout the automotive industry has depressed prospects.

For most, stockpiling is not an option because they are intimately locked into Nissan's production cycle; for example, a carpet is fitted into a Sunderland-made car precisely 42 minutes after the nearby Sommer Industrie carpet plant receives the order.

Ted Ditchburn

Nissan Yamato workers get to grips with a project in the company canteen

Nor are redundancies an easy option for suppliers imbued with the culture of continuous improvement – or Kaizen as the Japanese call it. Their carefully selected workforces have been encouraged to unstinting effort by the expectation of secure employment.

Moreover, sacrificing expensively trained, high quality employees could prove shortsighted if, as the motor trade hopes, the European market picks up before too long.

Even so, the philosophy of job security is under severe strain; exhaust system maker Calsonic has shed 37 people, a quarter of its workforce, and brake and fuel line supplier Bundy a dozen, from a workforce of 53. Car seat supplier Ikeda Hoover, which employs 490, is to make between 20 and 90 people redundant, and Nissan Yamato, 80 per cent Nissan owned, has launched its own agreed separation programme.

But, more unusually, the suppliers have been minimising or preventing redundancies by launching ambitious attempts to win long-term advantage from adversity. Capitalising on the extra employee time available due to the production downturn, they have brought forward training programmes, stepped up brainstorming on quality and submitted their line layouts and production methods to exhaustive analysis.

"Our philosophy is to strengthen the organisation; although it's a difficult position at the moment, we firmly believe there's a very good long term future for ourselves and NMUK," says Phil Manning, personnel manager at Hashimoto's Boldon plant, a synchronous supplier to Nissan of metal and plastic body fitting parts. Output at Hashimoto has virtually halved but, so far, all 235 employees remain.

Sommer Industrie is committed to retaining its 105 employees at least until the end of February. Those not needed for production are working on improvements to organisation, quality, costs and delivery.

The sheer size of the Nissan workforce means half its production employees must stay at home each week at present: the plant cannot accommodate them all at once.

But the suppliers, with their smaller workforces, have opted to bring all their employees into work each day so those not on production work undertake purposeful improvement activities.

Even the basic logistics can be difficult; at NYEL, where 160 of the 550 employees are normally on nightshift, a temporary additional car park had to be built, costing several thousand pounds.

The 8am start has been staggered, with employees arriving from 6am to avoid traffic congestion. And the canteen is doubling up as a training area since none of the meeting rooms is big enough.

"It's a four-month opportunity for us," says NYEL general manager Mr Brian Cobb. "Things are going to pick up and we want to be ready for them." But he adds: "I hope it doesn't last too long."

As well as bringing forward training in subjects like transfer press technology, NYEL is stepping up training for shopfloor workers in maintenance techniques and reviewing production line layout. Moving equipment in one cell has saved about five square metres; significant when multiplied.

NYEL has volunteers for its agreed separation programme. Some are young bachelors tempted by the chance of a lump sum to clear off debts. Others are family men who have calculated that, without the 16.6 per cent shift bonus for night work, they would be better off unemployed than on the production staff's £11,600 basic rate.

For many, the intensive training weeks are a welcome break from repetitive production work, although tinged with anxiety. "A lot of people are pleased in some respects to get off production but they're concerned what the final outcome will be," says Andy Seddon, a Kaizen technician.

As yet, it is unclear what 1994 will bring these men and their workmates, although NYEL is adamant there will be no enforced redundancies.

"Like the rest of the supply group, we're just waiting to see," says Mr Cobb.

Coming to terms with Europe's late payers

Exporters need a strategy for collecting overdue bills says **Richard Gourlay**, while **David Waller** reports on how a statutory system works in practice

The arrival of the single European market – and more recently sterling's exit from the exchange rate mechanism – has encouraged more British companies to think of exporting to the Continent.

But what awaits the British exporter across the Channel? One answer is even longer delays before payment than they currently endure in the UK.

This may surprise smaller British companies who believe they already wait an inordinate length of time at home and are lobbying the government for a statutory right to interest on overdue bills.

But Italian companies, for example, settle their bills on average after 130 days – compared with payment terms in the UK of 60-90 days. French companies, Europe's second slowest payers, settle after 121 days, according to the Association of British Factors and Discounters.

Both countries' payment records have deteriorated over the past year and even the Germans, usually considered among Europe's promptest payers, are making their suppliers wait longer.

By contrast, UK companies paid their bills this year in 59 days compared with 62 days last year, says the ABFD.

Exporters to Scandinavia, Switzerland and the Netherlands are most likely to be paid on time.

According to the ABFD some continental European customers offer to pay on time only if their suppliers accept discounts. In Spain and Italy these discounts have reached as high as 20 per cent.

There are, however, ways in which the exporters, usually the slowest to collect, can reduce the risk of late payment. Finding the right distributor is essential, although smaller companies with limited management resources inevitably find it difficult to discover who is likely to pay on time and who is not.

One solution is to use a factoring service to help vet distributors' credit-worthiness and manage the sales ledger.

Eighteen months ago late payment by Italian customers was hampering the rapid expansion of Micra Instruments, a small Luton-based manufacturer of surgical instruments which exports most of its production. The company turned to Alex Lawrie, a Lloyds Bank subsidiary, which immediately helped Micra to change some of its distribntors and rapidly improved its cash flow.

Alex Lawrie also formalised credit controls and introduced a discipline Micra previously lacked.

"We have learnt about the realistic establishment of credit limits," says Peter Richardson, managing director. "Anyone can ship product and not get paid for it." Foreign customers are now allowed a tightly controlled amount of credit. "You have to be ruthless. As much as this might hurt your business it is better not to supply than not to get paid."

Factors argue that their services are particularly useful to companies like Micra Instruments which are growing rapidly and need to increase cash flow.

A factoring facility is "dynamic" in that it allows a company to raise more cash as its sales ledger grows – it will typically be advanced up to 80 per cent of the value of its invoices, depending on their credit-worthiness. An overdraft limit, by contrast, will generally not grow as sales increase.

Factoring does not have the best of names. It is still frequently seen as a service required only by banks' poorest credit risks. But Michael Hulme, managing director of Naturaldata, a Lancaster-based company which writes software to help companies control the cost of factoring, says it is particularly suited to exporters.

"Sales-based companies are often not very good at managing credit control," Hulme says. "Factoring companies help on the credit control side."

RG

Flaws in the German model

British businesses clamouring for a statutory right to interest on overdne bills often look to Germany as a model.

But since the recession set in there it is more common to hear the German experience cited by UK opponents of legislation as an exampla of why it would not work.

In Germany snppliers have recourse in the courts against late payers, and can charge a legally-specified rate of interest on overdue accounts. Under commercial law the supplier may charge interest of 5 per cent on overdue amounts once it has issued three reminders (the last one typically a formal warning of late payment) or when payment has not been made by a mutually agreed date.

The problem is the practice. "The 5 per cent level was fixed a long time ago and is not commercially realistic," says Carl August Hartmann, at Dr Köcke & Partner. "It is possible to obtain from the courts a further payment designed to compensate for interest payments that you yourself are obliged to pay at commercial rates as a result of the customer's late payment."

In practice few companies exercise their legal rights – to do so would be deemed a hostile gesture which would jeopardise normal commercial relations with a customer. As a result the late payment problem has got worse during the economic downturn, and is partly responsible for the increase in corporate insolvencies in Germany this year to a new post-war peak.

In an effort to make UK legislation workable, campaigners may argue that the interest claimed against a customer – possibly a punitive one – should be accrued until the day the company ceases to be a supplier. At that point the claim would be presented.

Unreformed late-paying customers might also be required to include any late payment interest that they might one day be called to pay as a contingent liability on their balance sheets. The accounts of some of the UK's largest companies would therefore make interesting reading.

DW

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LEGAL NOTICES

DEVRO INTERNATIONAL PLC

An Order of the Court of Session dated 16th December 1993 confirming a reduction of £55,000,000 in the Share Premium Account of Devro International plc ("the Company") and the cancellation of the Company's Capital Redemption Reserve of £9,573.30 resolved on by Special Resolution of the Company dated 6th October 1993 was registered with the Registrar of Companies in Edinburgh on 17th December 1993 along with a related undertaking by the Company, all in accordance with the said Order of the Court.

Dundas & Wilson CS
Solicitors for Devro International plc

BUSINESSES FOR SALE

STATE PROPERTY AGENCY

INVITATION FOR TENDERS

The State Property Agency is inviting Tenders in order to find partners for the sale of the shares of Magyar Gördülőcsapágy Művek or the management of the company's assets.

Subscribed capital of the company: HUF 1,200,000,000
Capital reserve of the company: HUF 643,562,000

The company's shares are owned by the State Property Agency (SPA).

The purpose of the asset management arrangement is to stop the erosion of the company's operating assets, raise assets through improving business results, the expansion of privatisation options and the identification of an appropriate, long-term business partner, who shall have a vested interest in stabilising the company.

The SPA expects the prospective business partner to increase the company's capital by HUF 400-600 million, draft and implement a reorganisation program and make preparations for privatisation.

The company is one of those entities, whose debts shall be consolidated in accordance with a government decision.

Tender submission deadline: March 2, 1994
between 12.00 and 14.00 hours

Venue of Tender submission: Room 804, Pozsonyi u. 56, Budapest.
State Property Agency

The Tender document, listing the detailed terms and conditions of bidding, and the information memorandum are available from the central Information Office of the SPA and its regional Information Offices for HUF 10,000.

Additional information may be obtained from

Mr János Ragány Tel: (36)-1-269-8600 (Hungarian speaking)

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Ms Karen McClellan Tel: (36)-1-247-0084 (English speaking)

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For further information contact the Joint Administrative Receivers, Philip Ramsbottom or Peter Terry, KPMG Peat Marwick, St James Square, Manchester M2 6DS. Tel: 061 838 4000. Fax. 061 838 4089.

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Paul Below, Price Waterhouse, Sun Alliance House, 9 Bond Court, Leeds LS1 2SN. Tel: 0532 442044. Fax: 0532 441401.

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COMPANY NOTICE

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The interest rate applicable to the above Notes in respect of the interest period commencing 20th December 1993 has been fixed at 5% per annum.
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BUSINESS AND THE LAW

Sex, equality and pensions

EUROPEAN COURT

The European Court last week confirmed that the equal treatment principles established in its 1990 Barber judgment for contracted-out private pensions, also apply to private company pension schemes.

The Court said the Rome treaty principle of equal pay for equal work in the context of retirement age discrimination was not restricted to contracted-out private pension schemes.

Company pension schemes, where the pension payments qualify as remuneration for employment under the treaty rules on equal treatment of men and women, are also covered.

Moreover, enforceability in the national courts of the treaty rule on equal treatment was not affected by a 1986 directive on implementation of the equal treatment principle which member countries were obliged to implement only from January 1 1993.

But the equal pay principle was enforceable only in the context of company pension schemes from May 17 1990, the date of the Barber decision. The exception was for employees, or those claiming through them, who had commenced legal proceedings or an equivalent claim before then.

The Court's ruling came in response to questions referred by the Bonn Arbeitsgericht about a dispute between Mr Moroni and the Collo company for which he worked between 1968 and 1983.

During this period he belonged to the company pension scheme, the rules of which said men could not take their pension before 65 while women could do so at 60.

German law on private pension schemes provides that when employees leave a company before retirement age they are entitled to maintain the pension rights accumulated at that time until 65, if male, and 60, if female.

The amount of pension is calculated by applying to the full pension entitlement at retirement age a coefficient equal to the ratio between the employee's age and pensionable age. Since the years to retirement for women would be less than for men, the pension reduction for men would be greater than for women.

Mr Moroni claimed before the national court his pension rights should begin at 60 and be set on the same basis as a woman in the same circumstances.

The ECJ explained its Barber ruling made it clear discrimination in the form of different pensionable ages for men and women in the context of contracted-out private pensions infringed the treaty prohibition on pay discrimination between men and women.

The alignment of the retirement ages on those of the state pension law made no difference. The principle behind the Barber decision was that the concept of pay in the treaty rule covered all payments present or future by an employer to an employee directly or indirectly by reason of the employment. Payment after termination of employment was not excluded.

Against this background, the ECJ said that the principles applied in Barber were not limited to UK contracted-out pensions. Provided a pension scheme was outside the social security system and did not benefit from public finance, it would be subject to the principle of equal pay when it involved an agreement between employer and employee and was supplementary to a state pension.

The ECJ rejected any suggestion that a directive could restrict the enforceability of the treaty rule on equal treatment. In line with previous case law, the treaty rule applies directly to all discrimination which can be established by reference only to the criteria of equivalent work and equal pay laid down by the treaty.

Finally, the Court confirmed its decision of 6 October 1993 in the Ten Oever case as to the temporal effect of Barber. It said equal treatment in respect of company pension rights could only be invoked for pension payments relating to employment periods after May 17 1990, the date of the Barber judgment, subject to the exception for prior claims.

This is the second judgment since Barber. A third is due on December 22 in Neath v Steeper. But no date is fixed for judgment in the Coloroll case.

C-110/91, Moroni v Collo, ECJ FC, 14 December 1993.

BRICK COURT CHAMBERS, BRUSSELS.

Liable to a flood of litigation

Hiroshi Oda on changes to Japan's commercial code that facilitate shareholders' actions against directors

Recent changes to the Japanese commercial code making it easier for shareholders to take legal action on behalf of a company against its directors and officers and a spate of such "derivative actions" arising out of the 1991 Japanese securities houses scandal have raised fears among Japanese companies of a flood of litigation.

Although derivative actions were introduced in Japan in 1950 they have seldom been used. The stamp duty payable to initiate litigation was very high and, if the shareholder won, only the company benefited. Also, the cost of being involved in litigation, which could last for more than 10 years, was prohibitive.

Notwithstanding these difficulties, there have been some notable cases. In September directors of Mitsui Mining were ordered to pay Y3.5bn (£21.4m) to the company by the Japanese supreme court for their part in an illegal purchase of its own shares in 1978. The company had been sued by a shareholder over a loss it made by purchasing shares from a big shareholder who had objected to its plans to merge with another mining company. Mitsui had paid a price 25-30 per cent higher than the market price and assigned them to its own subsidiary companies for a price below the market price.

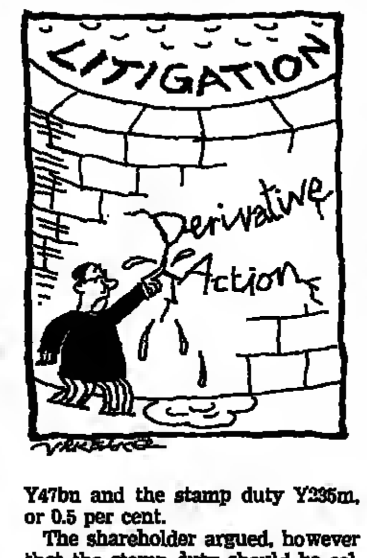
Another case, still pending before the supreme court, involves the restructuring of Janome, a sewing machine manufacturer. Two shareholders accuse the main bank involved in the restructuring of ensuring its own interests as a creditor at the company's expense through directors seconded from the bank.

And there have been a number of derivative actions arising out of the 1991 securities scandal in which Japan's big four securities houses secretly paid compensation to favoured clients for trading losses.

In a case involving compensation of loss paid by Nomura Securities to favoured customers, the district court of Kyoto rejected shareholders' claims that directors had not acted in good faith and had not exercised care as good managers. The court said directors would not be liable unless there had been a careless error in their perception of facts or the decision-making process was excessively irrational. It could be 10 years before this case is finally decided.

Amendments to the commercial code, which came into force in October, should make it easier to bring derivative actions. The main change concerns the amount of stamp duty payable to initiate an action.

Stamp duty is calculated on the the size of the claim. Last year a shareholder of Nikko Securities initiated a derivative action over compensation paid to favoured customers. The contested amount was



Y47bn and the stamp duty Y235m, or 0.5 per cent.

The shareholder argued, however that the stamp duty should be calculated on a different basis. The claim was not a proprietary one because, if he won, the contested amount would be paid to the company and not to him.

The Japanese law on the costs of civil litigation provides that for non-proprietary claims the contested amount is deemed to be Y950,000. The district court rejected his argument but the Tokyo appellate court accepted it.

The latest amendment to the commercial code expressly provides that derivative actions will be treated as non-proprietary and the stamp duty will be set at Y8,500, so making it much easier for shareholders to bring claims.

This change has long been opposed by companies which feared increased liability and a flood of actions against directors.

The change eventually came out of the Structural Impediments Initiative trade talks between Japan and the US. The Americans argued shareholders' rights were not properly protected in Japan and that Japanese management was almost free from control by shareholders.

Japanese companies are, indeed, relatively free from shareholder control. A majority of shares are held by stable corporate shareholders which tend not to complain about the performance of a company because of Japan's system of mutual shareholding.

The standard of care required of directors was also rather low compared to the US. In recent years, some foreign investors, especially institutional investors, have been horrified to find after buying Japanese shares how little control they have over management.

Most of the changes to the commercial code are part of the effort to meet their concerns. It is now, for example, mandatory for big companies to have at least one external auditor, the equivalent of the English non-executive director. Sumitomo Corporation has recently appointed a former prosecutor general as its external auditor.

Companies are nervous of the changes to the code, particularly the steps taken to make it easier to bring derivative actions. They fear shareholders may initiate actions just to embarrass the company or for the purpose of extortion. They worry that directors may become more timid in making decisions.

The code has a potential safeguard against frivolous or vexatious actions, empowering the courts to order the plaintiff to place a deposit if the defendant requests one.

Others believe that, because derivative actions are time-consuming and do not bring any direct financial benefit to the plaintiff, their number will not increase dramatically. Yet many companies are investigating whether they can insure their directors against derivative actions.

The author is Sir Ernest Satow Professor of Japanese Law, University College London.

DTI leaves it late in the day

Eleventh-hour changes by the Department of Trade and Industry to UK commercial agency rules designed to bring them into line with the rest of the European Union from January 1, provoked widespread criticism from British companies.

UK companies which had been advised to sack their commercial agents and renegotiate their agency agreements or incur a cost of between £5,000 and £80,000 for each cancellation after January 1, were given just 10 days to make the necessary adjustments.

Their anger is understandable given that the EU directive on commercial agents was adopted seven years ago and the DTI first consulted British companies on its implementation back in 1987.

But as the furore dies down it appears the impact of the changes may not be as great as first feared, particularly in relation to the method chosen by companies for compensating sacked agents. Those companies which renegotiated their agreements on the basis of the June draft of UK regulations may find they have made the right choice after all.

Companies' anger is understandable given that the DTI first raised the question in 1987

The UK draft regulations are designed to give self-employed commercial agents greater protection, making it harder for companies to terminate agreements and guaranteeing agents compensation if sacked.

The regulations provide that compensation should be paid for damage suffered by an agent as a result of the termination of an agreement. But after industry complaints that the clause left companies open to the possibility of paying unlimited damages, the government made a last-minute change to allow businesses to cap compensation. Instead of paying damages companies can agree to indemnify the agent for a sum equivalent to a maximum of one year's commission.

The change has been welcomed by companies because of the greater flexibility it affords in negotiating new agreements. But many lawyers believe in most cases companies would be better off paying compensation rather than indemnifying the agent.

According to City solicitors Baker & McKenzie, any attempt to fix the indemnity at less than one year's compensation would be open to review by the English courts on the grounds that it does not adequately indemnify the agent as the UK regulations require. Companies should therefore be prepared to pay up to a year's commission before opting for an indemnity.

In addition, choosing the indemnity option would not prevent an agent from seeking damages. Where the termination of an agreement amounts to a breach of contract by the company the agent may be able to recover damages on top of an indemnity.

By contrast any compensation paid to an agent must be linked to actual damage. Damage will be deemed to have occurred where the agent is deprived of commission to which he is entitled for services rendered under the terms of the contract, and the company has received big benefits from the agent's activities; and where the agent has not been able to depreciate his costs and expenses.

According to Baker & McKenzie, in cases where a company allows a fixed-term agency agreement to expire without renewal or even where the company terminates the contract in accordance with its terms, compensation should only be payable if the agent has undepreciated costs and expenses. Baker & McKenzie says careful drafting of an agreement should ensure that an agent is obliged to depreciate his costs early on, and prevent him from incurring further expenditure.

The compensation payable by companies following termination of an agreement should, therefore, be minimal and certainly less than an indemnity equivalent to a maximum of one year's commission. Only in the rare circumstances where the certainty offered by an indemnity is crucial will it be the preferable option from a company's point of view.

Robert Rice

PEOPLE

McKillop takes over from Friend at Zeneca

Changes are afoot in one of Zeneca's three divisions. While Alan Pink, chief executive agrochemicals and seeds, and Rodney Brown, chief executive specialities, are still with ICI's former bioscience operations, David Friend, chief executive Zeneca Pharmaceuticals, is taking early retirement.

Friend, 59, is being replaced by David McKillop, Zeneca's Scottish deputy chief executive and international research and development director.

McKillop (left), only 50, has a formidable academic record, gaining the top first in his year at Glasgow, a PhD, and a period at Centre de Mechanique Ondulatoire which is associated with the Sorbonne. He is well respected within the industry.

The Scot emerged from the bowels of ICI into the media spotlight after Hanson, the Anglo-American group, took a stake in the company. Media attention was heightened by ICI's split, which left the pharmaceuticals division as the group's most important earner.

Initially media-shy, he has been a quick learner and has proved increasingly adept at communicating his enthusiasm for the group's development pipeline.

McKillop will be running one of the UK's fourth largest pharmaceuticals groups and the world's 22nd largest, with annual sales last year of nearly £3bn.

That will leave little time for him to improve his golf handicap – he plays off 14; reads books on maths, logic and philosophy, his prefered material, though at present he is reading a brief history of England because he says he knows too little about the country; or watch rugger – he used to be a handy player until a back injury stopped his career.

Green: growing with CWS

Co-operative Wholesale Society, whose retail turnover has grown from £800m to £2bn in three years, has created a new post of chief general manager, to be filled by Allan Green, currently general manager, national buying and marketing.

CWS has expanded its retailing activities beyond its traditional areas of Scotland, Northern Ireland and the south east through a series of mergers with regional societies – including the large Nottingham and North-Eastern societies – and has overtaken the Co-operative Retail Society as the UK's largest co-operative retailer.

Green, 48, joined the CWS in 1990 as food trade manager of the south-eastern retail business. He had previously held positions with Hillards, the supermarket chain later taken over by Tesco, and with Booker, the wholesale and cash-and-carry group.

He moved to CWS head office in Manchester last year to take on the job of centralising the buying and marketing activities across the society in the wake of its regional mergers. Green also played a significant role in creating the Co-operative Retail Trading Group, a buying partnership which harnesses nearly 60 per cent of national Co-op buying power through CWS Retail.

Green joins Bruce McDougall, existing chief general manager of CWS's specialist retail functions – which include its travel business, opticians, and funeral business. He will be succeeded as general manager of national buying and retail marketing by his deputy David Chambers, who joined the CWS from Poundstretcher last Christmas.

■ David Alexander has been appointed a director of TEXACO Ltd and of Texaco Overseas Tankship; Gillian Steele has been promoted to comptroller of Texaco Ltd.

■ Jeremy Stoke has been appointed md of Caradon Elliott, part of CARADON Plastics.

■ Tim Holderness-Roddam is appointed divisional md of the United Molasses Group, part of TATE & LYLE; Doug Wentworth becomes a divisional director and moves from Four-F Nutrition which has recently been sold.

■ Andrew Duncan, formerly financial director of Euro RSCG, has been appointed financial director and company secretary of JERRY's HOME STORE.

■ Barry Knight has been appointed md of HPC Industrial Coatings, part of HOECHST.

■ Barry Evans has been appointed deputy md, and Alan Thomson, formerly sales director of Rosser & Russell, sales and marketing director, at SIEBE Environmental Systems Europe.

■ John Shaw, formerly international marketing and business development controller at Terry's, has been appointed group marketing director at PORTFOLIO FOODS.

■ David Smales, formerly head of marketing at Northern Rock Building Society, has been appointed marketing director at T. COWIE.

■ Peter Williams, treasurer of COURTAULDS TEXTILES, is to become finance director of its fabrics businesses in continental Europe and the Far East.

■ David Webb, formerly md of Regma (UK), has been appointed md of Dictaphone UK, part of PITNEY BOWES.

■ Rodney Stoyel, md of Inter Forward in the UK, has been appointed divisional director of European logistics.

■ Michael Smith, chief operating officer of ASTEC(BSR), has been appointed a director.

Sir Sydney's true and fair views

The accounting world should be braced for a shake-up in the new year as Sir Sydney Lipworth, QC, takes on the chairmanship of the Financial Reporting Council.

Sir Sydney turns his hand to company accounts after his role as chairman of the tough-minded Monopolies and Mergers Commission from 1988 till April 1993.

He replaces Sir Ron Dearing, the former head of the Post Office Corporation, who is retiring from accounting matters while staying on as head of the Schools Curriculum and Assessment Authority.

Sir Ron had been in the unusual position of attempting to implement his own recommendations, since he chaired the 1988 report which argued for the Council and its two main subsidiaries: the

Accounting Standards Board and the Financial Reporting Review Panel. Asked for his reaction on the first three years, he said: "Thank God it works!"

Sir Sydney, 62, who was selected by representatives from the Department of Trade and Industry and the Bank of England, takes on the job for three years; his tenure may then be renewed.

He is holding fire on his ideas for the new job, but says: "It's a fascinating area and one which one wants to see absolutely right." He wants to see "consistency" in accounts, and a format that "best represents the achievements of the year".

Sir Sydney studied accountancy as part of his first degree in commerce and law at Witwatersrand University in Johannesburg, before coming to the UK in 1965.

He worked for Abbey Life Assurance, and joined Allied Dunbar Assurance, rising to become deputy chairman in 1984. He was also a director of BAT. He is currently deputy chairman of National Westminster Bank and on the board of Carlton Communications.

هكذا من الاصل

'La Vestale' opens la Scala season

After the ill-received *Don Carlo* that opened the 1992-93 season at La Scala, Riccardo Muti, musical director of the great Milanese house, decided to inaugurate the current operatic year with a safer, because much less familiar work: Gaspare Spontini's *La vestale*, last given at La Scala 39 years ago.

This revival was to be an ultra-serious occasion: the opera would be given in the original French (though the cast was almost entirely Anglophone), the cuts would all be opened, and the substantial ballets would be performed complete. Liliana Cavani, who staged the successful Muti *Traviata* two years ago, was called on to produce the opera, which would be designed by Margherita Palli (scenes) and Gabriella Pescucci (costumes).

Because of the political scandals that have rocked Milan and thanks, no doubt also to the recession, the opening night was less be-furred and be-jewelled than usual, but the TV cameras were there to record the occasion and to transmit the enthusiasm of the few celebrities in the audience. The critics were also generally favourable, but anyone accustomed to reading between their lines caught a distinct whiff of boredom. On the second night, the audience was still polite, but icy. Not a single number was applauded. There was extended applause at the end, true, but there were also a fair number of emptied seats.

Some members of the audience could recall the *Vestale* of 1954, in Italian, with dances and other music cut; but staged by Luchino Visconti (his debut in opera) and sung by the refulgent Maria Callas, at the zenith of her career. That evening was as unforgettable, as the Muti *Vestale* is forgettable. Callas's every inflection, every gesture had meaning and power.

For his Julia Muti chose a young American soprano, Karen Huffstodt, of considerable vocal force, but without any dramatic profundity. *Above all, she showed* no feeling for declamation; her French words, often smudged, seemed to have little meaning for her. She dutifully went through the motions – love, despair, anguish, joy – *but she conveyed no depth* or truth of feeling. There was never any sense of vulnerability or of menace.

Muti often drew beautiful sounds from his orchestra, and he deftly pointed out many enchanting instrumental subtleties. This is a period he loves and he has obviously absorbed and feels every note of the score (except perhaps for the almost silly ballet music); but at La Scala he did not communicate his conviction to the cast, not even to the usually responsive chorus. At times, stage and pit were simply not together; and even when they were, the emotion was all in the orchestra.

Only Anthony Michaels-Moore made sense of his words and produced eloquent, varied, engaging song. Denyce Graves, that superlative Carmen, was a vocally correct but perfunctory Grand Vestale; Patrick Raftery, a cipher in the role of Cinna; and Dimitri Kavrakos, an inadequate High Priest.

Part of the fault undoubtedly lay with the visual presentation. Cavani, this time, was uninspired and repetitious. Again and again, Licinius would make a move towards Julia, and every time Cinna would mechanically grab his arms or shoulders to restrain him. In the second act, for her long, crucial monologue, a superb and presumably private self-examination, Julia was never alone: a few intrusive sister-Vestals were always fussing around her. The action was set not in 3rd century Rome but more or less in 1807, the year of the opera's presentation. It is Napoleonic Rome, then, and this might be all right for the sets, but the costumes – especially for the High Priest, who looks like a 33rd-degree Mason – are distracting, and the Vestals, instead of wearing the traditional white, are in drab buff and maroon, some of them with hideous bonnets.

The ridiculous ballet devised by Amedeo Amodio was obviously meant as a vehicle for Carla Fracci (she appeared in the Visconti *Vestale* two generations ago). It was cruel of La Scala to offer her this role, and it was unwise of her to accept it.

William Weaver

Driven to abstraction

William Packer on the work of Fiona Rae

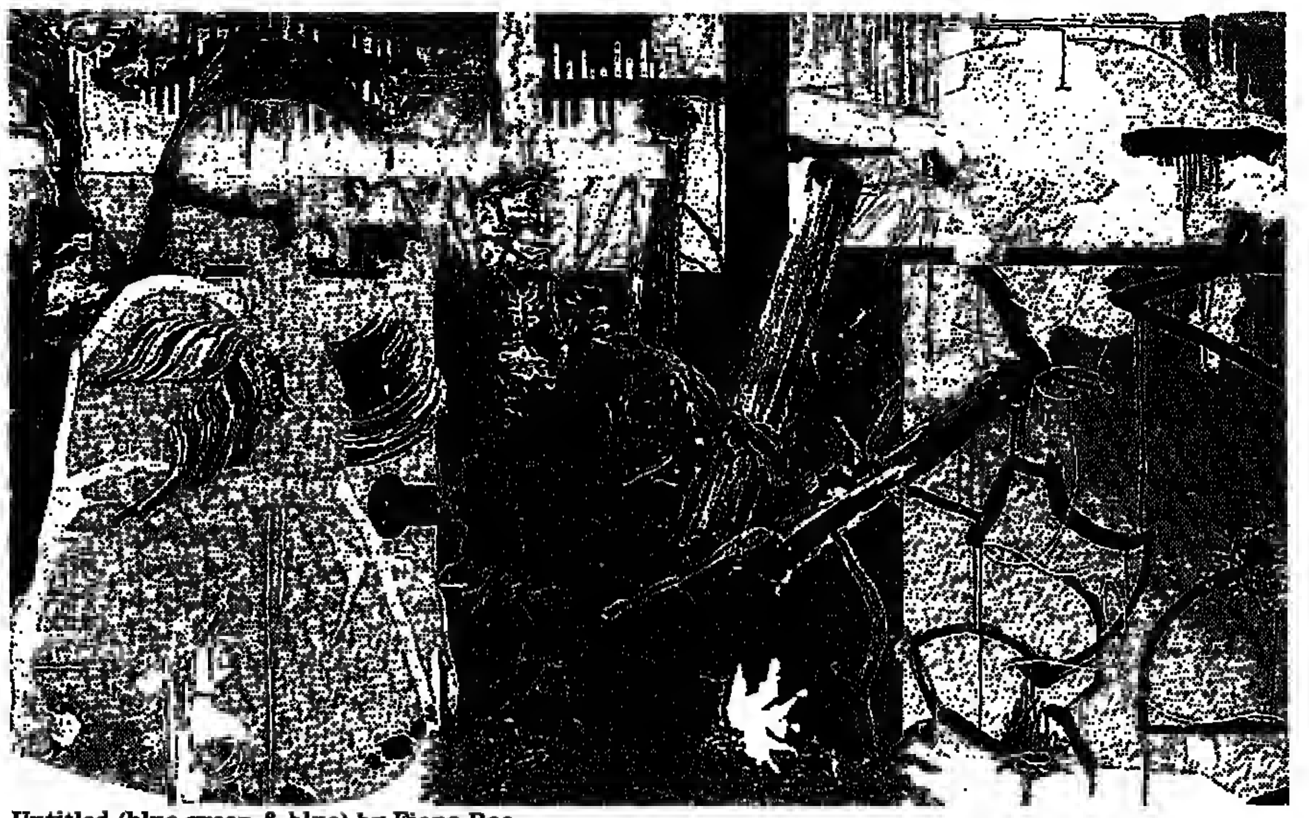
Fiona Rae is that now rare creature, a young painter of some interest sent out into the unforgiving world by the much-vaunted fine-art school of the Goldsmiths' College. She graduated in 1987, since when her work has been included in major exhibitions at home and abroad, notably the third *British Art Show*, and the *Aperto* for young artists at the Venice Biennale of 1990. She has had solo exhibitions in Glasgow, London and Basle, and her work is represented in public collections such as that of the Tate and the Arts Council. In 1991 she was nominated for the Turner Prize. She is still barely 30 years old.

Her paintings are large, bright and abstract, with any particular reference either veiled or incidental, cut off from any source in experience of the real world. The pictorial space is ambiguous and disrupted, the colour-ground laid on as an impersonal, uninflected, often hard-edged area of paint. Should it be blue, as it so often is, it carries with it the immediate connotation of an infinite, cosmic space: any other colour, and it becomes a solid screen that closes down the space, close and parallel to the picture-plane. Within this pictorial arena, moving across and against this theatrical backdrop, the more loosely graphic and expressive gestures and motifs make their way, from incident to incident.

Rae carries all this off with considerable technical sophistication and aplomb. Here is painting at its most knowing and self-regarding, in terms both of imagery and practice, in the constant reference to the history of modern painting, and in the sheer variety of mark and texture in the application of the paint. Dribbles, scrawls, drags and splodges, all are here, most lovingly noted and prettily expressed, even though the mark or effect may be anything but pretty. Indeed it takes a clever hand and knowing eye together to achieve passages of paint as awkward and ugly as so often these are.

But to what end? The brief, anonymous apologetic in the introductory leaflet, entitled "Rehearsing the Spontaneous", rather gives the game away. "The history of painting in the past 150 years", it tells us, "has been one of attack from outside, and strenuous development from within ... Easel painting fitted too easily into museums and the homes of the rich to be a tool for challenging established social and aesthetic order ... ... Fiona Rae is conscious of the accumulated weight of painting's history, the old argument that nothing new can be done. Yet she has found a way of synthesising a myriad of painting's 20th century languages, creating her own edgy amalgam. The effect is one of eclecticism run riot.... Rae's paintings are about the profusion, excess and profligacy of late 20th century visual and material culture... Rae's work raises complex issues of authenticity, as certain passages become themselves representations of paint, or the history of painting. This is a post-modern, knowing element in the work, constructed as a response to a crisis of originality..."

Leaving aside the point that Miss Rae's own paintings hang in museums and hardly come cheap, it is seems that her work qualifies her for the success she has so rapidly achieved not by being what it is – which is competent and fairly lively abstraction – but by what it is about. There we have it, the litany of excuses that masquerades as explanation, the suggestion that painting in our time must be some sort of socio-political engagement or it is nothing, the unquestioning acceptance that the only true subject of art is art itself.



Untitled (blue-green & blue) by Fiona Rae

We are further told that "while Rae uses objects from the real world as a source, she is at pains to remove any figurative elements from the work, believing that there are other ways of understanding or constructing the world than those of conventional representation." But what are these other ways? And why are both writer and painter at such pains to disavow "conventional representation", as though it were the deadliest of corruptions? Why the evident fear that we might think Miss Rae the least bit interested in responding simply and directly to the world about her? Might it not be that to look out at the natural world, at the figure or the landscape, is to set oneself a task somewhat harder to resolve than eclectic pastiche of the work of other artists?

Who can say whether it was by luck or misfortune that the young Rae, keen to be an artist, fetched up at Goldsmiths' from her foundation course. Whichever the case, we may reasonably doubt that she ever worked directly from nature again. Did she ever? She at least accepts the great precept by which her distinguished *alma mater* has made its modern reputation – the world does not matter: it is the idea that counts.

*

The landscapes and still-lifes of Diana Armfield, now in their last few days at Browse & Darby, might give her pause. Here is work that will never sniff a Turner nomination or British Council tour abroad, yet it represents the steady, modest, cumulated experience of a long career spent coming to terms with what the eye can see and the hand resolve into paint on a flat surface. It is what Chardin too, if we are to be art-historical about it, spent a lifetime doing, and what was true for him still holds true for us, if only we think of it.

There is nothing necessarily more profound in its potential, nor more worthy of the artist's attention, than a flower in a pot. Two of Miss Armfield's small studies, of flowers on a Welsh window-sill and, in particular, of a bunch of wild roses in a jam-jar, are as fine and delicate in their working, and as true and beautiful in themselves, as anything of their kind I have seen by a living artist in too long a time.

Fiona Rae: New paintings: Institute of Contemporary Art, The Mall, SW1 until Feb 6. Diana Armfield, Browse & Darby, 19 Cork St, W1 until Dec 23.

Joan Marcus

Steve Barton as Lermontov and Margaret Illmann as Victoria Page

'The Red Shoes' fails on Broadway

Karen Fricker suggests the cast should have shut up and danced

The $8m musical adaptation of the film *The Red Shoes* earned a lot of nicknames on its way to Broadway – "The Pink Slips," for its numerous staff firings, including star Roger Rees; "Jule's Last Jam," referring to the show's venerable composer, Jule Styne; "The Dread Shoes"... but none, it turns out, more prescient than "The Cement Shoes." Following universally negative local reviews, *The Red Shoes* closed on Sunday after five performances and 51 previews.

The musical will not sink without a trace, however; it leaves regretful memories of unrealised potential and more than a few flashes of brilliance.

Structurally and thematically, the musical strongly resembles its source – the 1948 Powell and Pressburger film which made a star of Moira Shearer as the gifted ballerina, Victoria Page, torn between her love for a young composer and her desire to dance for her charismatic mentor. The main difference in plot between film and musical is the shift of the *Red Shoes* ballet to the musical's end – an excellent choice, since it is the evening's high point.

For when *The Red Shoes* dances, it is sublime. Lar Lubovich's joyous choreography, set to Styne's remarkably able ballet music, and skillfully danced by a company led by the astonishing Margaret Illmann, a principal dancer with the National Ballet of Canada making her stage debut – all are first rate. But when *The Red Shoes* talks, it is mediocre, and when it sings, it is execrable.

Styne has penned some terrific scores in his day, among them *Gypsy, Bells are Ringing* and *Funny Girl*, but *The Red Shoes'* tunes are musically underdeveloped and simplistic, and are matched in banality by the lyrics, by librettist Marsha Norman and "Paul Stryker" (a pseudonym for Styne's longtime writing partner, Bob Merrill). Stanley Donen, the director of such classic musical films as *Singin' in the Rain* and *On the Town*, was brought in to direct *The Red Shoes* after Susan H. Schulman was taken off the job in August; his work is sturdy but unimaginative.

The musical starts out strongly, wasting little time getting to the party scene at which ballet impresario Boris Lermentov (Steve Barton) and Vicky (Illmann) meet; in the first of several exchanges taken verbatim from the film, he asks her "Why do you want to dance?" prompting her reply, "Why do you want to live?" – words etched on the consciousness of balletomanes everywhere.

Draped in a low-backed, sequined party gown, Illmann is an Erte painting come to life, long and lithe, and her surprisingly deep voice adds an exotic touch to her appeal. If her acting is sometimes nervously forced and her singing weak (blessedly, she is only given half a song), all is forgiven when she dances – her face shining and her limbs unfurled, she seems to embody the spirit of dance itself.

So far, everything is twirling along nicely for *The Red Shoes*: the plot is developing efficiently, the sets, by Heidi Landesman, and costumes, by Catherine Zuber, are sumptuous and splendid, and the performers' talents impressive. Then a musical number comes along, and *The Red Shoes'* common denominator plummets. George de la Peña, otherwise outstanding as the dance captain, Grisha, is saddled with leading the dancer's thumping sing-along: "Not sister or brother/we did it for mother/... so that she can say/I have a daughter or son/who's in the corps de ballet."

The songs help no one in the show, but the character they damage most is Lermentov. Part Diaghilev, part Henry Higgins, part Svengali, the film's Lermentov embodies genius run amok, the need to create cruelly interwoven with the need to control. But the musical's Lermentov is nothing more than a lonely, washed-up lecher, in love with Vicky but unable to tell her; the songs he is given to sing reveal his inner life to be as complex as a nursery rhyme. Barton is cookie-cutter handsome, with a fine enough singing voice (the attribute Rees lacked, which reportedly cost him the job), but has not the charisma that Lermentov needs.

Any complexity in the character of Julian Craster, Vicky's composer suitor, is also lost. His creative life downplayed, he becomes just a dopey dupe in love ("I must be where you are/across the room's too far"); as Julian, Hugh Panaro is handsome and rich-voiced, but bland. Poor writing also turns Vicky into the embodiment of an ideal rather than a person in passionate turmoil. In the musical's climactic dressing-room confrontation, after Julian and Lermentov bark out her options – guaranteed stardom or matrimonial bliss – Vicky's choice, to dance, seems at once obvious and arbitrary.

Choreographer Lubovich excels throughout, but his piece de resistance is the ballet itself, which retells the Hans Christian Anderson tale of a girl whose new pair of red shoes dance her to a gory death – a tragic end which foreshadows Vicky's own fate. If the ballet's characterisations of villagers and gypsies seem slightly overstated, the story told is moving and involving, particularly the final graveyard scene, featuring a procession of white-haired, white-gowned, red-shod maidens, and a concrete angel who comes to life and floats heaveoward, Vicky in his arms. After the ballet, the musical seems to give up; its calamitous ending is sloppily executed.

The question that remains after *The Red Shoes'* quick demise is whether a good musical version of the film is possible – or desirable – at all. After this debacle it will surely be years before anyone has the nerve to attempt it. But were a writer/director team to emerge who could match them, there are a ballerina and a choreographer out there who are up to the challenge.

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Concertgebouw This week's *highlight* is a Rotterdam Philharmonic programme on Thurs evening and Sun afternoon conducted by Bernard Haitink. Other events include Handel's Messiah tonight and a Royal Concertgebouw Orchestra concert on Fri morning and Sat afternoon conducted by Riccardo Chailly. Hartmut Haenchen conducts Beethoven's Ninth Symphony on Dec 28 and 29 (24-hour information service 020-675 4411 ticket reservations 020-671 8345)

Muziektheater Dutch National Ballet's Christmas show is the Ashton staging of Prokofiev's Cinderella, with performances tonight, Thurs, Fri, Sun, next Tues, Wed and Sat. Netherlands Opera has Alfred Kirchner's production of La traviata (with Deborah Riedel as Violetta) tomorrow, Sat, next Mon and Thurs. Frankfurt Ballet presents William Forsythe's Loss of Small Detail on Jan 5, 6 and 7. Pierre Audi's new production of Mozart's Il re pastore opens on Jan 12 (020-625 5455)

ANTWERP

de Vlaamse Opera Robert Carsen's new production of La boheme, conducted by Silvio Varviso, can be seen tonight, Thurs and next Tues, with Mary Mills as Mimi (03-233 6685)

deSingel Anne Teresa De Keersmaeker's dance troupe Rosas performs her latest choreography Mikrokosmos tonight and tomorrow. Christoph Eschenbach conducts the Orchestra of the Monnaie on Jan 2 in works by Bernstein, Barber, Gershwin and Beethoven, with piano soloist Tzimon Barto (03-248 3800)

BASLE

Stadttheater A new production of Rossini's Il viaggio a Reims, conducted by Torsten Buldmann and staged by Markus Weber, can be seen tonight, next Wed and Fri, also Jan 2, 7, 9, 10, 14, 15, 18. Repertory includes The Merry Widow, Mefistofele and Nutcracker (061-295 1133)

BRUSSELS

Conservatoire Kees Bakels conducts Belgian National Orchestra tonight in music by Mozart and Beethoven, with violin soloist Marieke Blankestijn. The orchestra's next concert is a Strauss programme on Jan 6 at Palais des Beaux Arts, conducted by David Shallon (02-507 8200)

Monnaie Guy Joosten's staging of Carmen, conducted by Marc Soustrot, can be seen tonight, Thurs, Sun and next Tues, with Kathryn Harries in the title role. Christoph Eschenbach conducts an orchestral concert on New Year's Eve featuring works by Bernstein, Barber, Gershwin and Beethoven (02-218 1211)

CHICAGO

● Chicago Lyric Opera's final performances of the year are Il trovatore tonight and Die Walküre tomorrow. There are six further performances of the Verdi in January, plus a new production of Wozzeck and a revival of La traviata (312-332 2244)

● Chicago Symphony Orchestra's next concert is on Jan 8, when Daniel Barenboim returns to conduct the first of three programmes (312-435 6666)

GENEVA

● The Christmas production at the Grand Théâtre is Die Zauberflöte, staged by Benno Besson and conducted by Armin Jordan, with alternating casts including René Pape, Kurt Streit, Donna Brown, Simon Keenlyside and Amanda Halgrimson. Daily till Dec 28 except Christmas Eve and Christmas Day (022-311 2311)

● Didier Godel conducts Orchestre de la Suisse Romande and Société de Chant Sacré in sacred choral music by Frank Martin and others tomorrow at Victoria Hall (022-310 6820)

LAUSANNE

Théâtre Municipal Offenbach's La belle Hélène, staged by Jérôme Savary and conducted by Jean-François Monot, opens on Dec 31. Further performances on Jan 2, 5, 6, 8 and 9 (021-312 6433)

ROTTERDAM

De Doelen Tonight: Lev Markiz conducts Nieuw Sinfonietta Amsterdam in works by Webern, Mozart and Schubert/Mahler. Tomorrow: Bernard Haitink conducts Rotterdam Philharmonic Orchestra in Webern, Mahler and Brahms. Sun afternoon: Sergio Tiempo piano recital (010-217 1717)

VIENNA

MUSIC

Staatsoper Tonight: Der Rosenkavalier. Tomorrow, Sat, next Tues: Le nozze di Figaro. Thurs and next Mon: Les Contes d'Hoffmann with Domingo (repeated Jan 2, 7, 10). Sun, next Wed and Thurs: Nutcracker. Dec 31, Jan 1: Die Fledermaus with Karita Mattila and Hermann Prey. Jan 3: Salome (51444 2955)

Musikverein Tonight, tomorrow: Erwin Ortner conducts Salzburg Baroque Ensemble and Arnold Schoenberg Choir in Haydn's Creation. The Vienna Philharmonic's New Year concerts will be conducted by Lorin Maazel (505 8190)

Konzerthaus Tonight, tomorrow: Rudolf Buchbinder is soloist in Beethoven piano concertos with Vienna Symphony Orchestra conducted by Rafael Frühbeck de Burgos. Dec 31, Jan 1: Frühbeck de Burgos conducts Beethoven's Ninth Symphony (712 1211)

THEATRE

A new production of Brecht's Caucasian Chalk Circle, directed by Ruth Berghaus, has joined the Burgtheater repertory (51444 2218). The Akademietheater has David Mamet's Oleanna and Maxim Gorki's Children of the Sun (51444 2959). The German-language premiere of Kiss of the Spider Woman can be seen daily except Mon and Fri at Raimund Theater (Wien-Ticket 58885)

WASHINGTON

MUSIC/DANCE

● Washington Opera's next productions at Kennedy Center Opera House are La fille du régiment and Ariadne auf Naxos. The Donizetti, sung in English by a cast led by Tracy Dahl, opens on Sun, with further performances on Jan 2, 9, 18, 20, 24, 28, 29, Feb 1 and 4. The Strauss, conducted by Heinz Fricke with a cast including Rachel Gettler, Jon Frederick West and John Shirley-Quirk, opens on Jan 8, repeated Jan 10, 16, 19, 22, 25, 28, 31, Feb 3, 8, 10 and 12 (202-467 4600)

● Washington Ballet presents Mary Day's production of The Nutcracker at Warner Theater, daily till Sun (202-432-SEAT)

● Christopher Kendall conducts Folger Consort and Choir of Magdalen College Oxford in Handel's Messiah tonight and tomorrow at National Building Museum (202-544 7077)

THEATRE

● The Will Rogers Follies: the Tony Award-winning musical, choreographed by Tommy Tune and starring Mac Davis, opens tonight at Kennedy Center Opera House. Daily except Mon till Jan 30 (202-467 4600)

● A Christmas Carol: Ford Theater's Christmas show is a stage adaptation of the Dickens classic. Till Jan 2 (202-347 4833)

● A Community Carol: Dickens's tale is transposed to Washington DC in this production involving professional actors and community members. Till Jan 2 at Arena Fichandler Stage (202-488 4377)

● Julius Caesar: a Shakespeare Theater production at the Lansburgh. Till Jan 9 (202-393 2700)

● Cats: Trevor Nunn's production of the Andrew Lloyd Webber musical. Till Jan 8 at National Theater (202-628 6161)

● Alice in Wonderland: Kennedy Center's new stage production of Lewis Carroll's classic fantasy for children (202-467 4600)

ZURICH

Opernhaus Tomorrow, Sun: Cosi fan tutte. Thurs, next Wed: Salome with Inga Nielsen. Next Tues and Fri: Il barbiere di Siviglia. Jan 1: Der Rosenkavalier. Jan 2: first night of new production of Andrea Chenier with Francisco Araiza, Gabriela Benackova and Girogio Zancanaro (01-262 0909)

Tonhalle Tomorrow: Vladimir Fedosseyev conducts Tonhalle Orchestra and Chorus in Christmas music by Sviridov and Tchaikovsky. Dec 31: Skitch Henderson conducts music by Gershwin, Weill, Lloyd Webber and others, with vocal soloists (01-281 1600)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(Central European Time)

MONDAY TO FRIDAY
Super Channel: European Business Today 2230; repeated 0630, 0715
MONDAY
Super Channel: FT Reports 1230.
TUESDAY
Super Channel: West of Moscow 1230
Euronews: FT Reports 0745, 1315, 1545, 1845, 2345
WEDNESDAY
Super Channel: FT Reports 1230
THURSDAY
Super Channel: West of Moscow 1230; FT Reports 2130
Euronews 0745, 1315, 1545, 1845
FRIDAY
Super Channel: FT Reports 1230
Sky News: FT Reports 2030
SATURDAY
Sky News: 0330; 1330
SUNDAY
Super Channel: FT Reports 2230
Sky News: FT Reports 1730; 0430

Dear Santa, gimme . . . W H Smith's Sir Simon Hornby, Lord Hanson, LWT's Sir Christopher Bland, Sir Patrick Sheehy of BAT

All I want for Christmas . . .

Lucy Kellaway on the modest desires of UK business leaders

A Washington radio station once asked local diplomats what they would like for Christmas. The French ambassador *said that he would like* world peace. The Canadian ambassador said he wanted enough food to feed starving people everywhere. The British ambassador said that a box of crystallised fruit would be nice, thank you very much.

This year the Financial Times put a similar question to business and City leaders. Unlike the ambassadors, they did not want to throw away their one wish on peace and goodwill all round. Instead, they picked something nice for themselves, their companies and tbe economy, in that order. Prudently, most had a fall-back, just in case their first choice was unobtainable.

Among those desiring material items, Sir Simon Hornby, chairman of W H Smith, asks for a kilogramme of caviar. Failing that, he wants the most expensive Bang and Olufsen CD player that money can huy.

He is not alone in wanting something electronic. Dominic Cadbury, chief executive of Cadhury Schweppes, would like a video so idiot-proof that he can programme it without his children.

At tbe otber end of the scale of technological competence is Alastair Ross Goobey, chief executive of Postel, the UK's largest pension fund, who would like a 486 PC with a gravis ultra-sound card. "The 486 is the latest PC and the card will allow me to compose music on it," he says, in case Santa is computer illiterate.

But the most popular personal gifts for business leaders this year are things that money cannot buy: what they would really like is to change themselves, their circumstances or their opportunities.

Lord Hanson, who at the age of 71 must know his career cannot last forever, is in no doubt about what he wants. "My fantasy gift is to have more time," he says. "When you are spending six months of the year in the US and six months here it is as though you never have more than half a day to get things done." Peter Morgan, who will be out of work next year when he steps down as director-general of the Institute of Directors, would like a new job.

Martin Sorrell, chief executive of WPP, the media group, craftily slips a bit of personal PR into his Christmas wish. He would like to relive that perfect day in June 1992 when he triumphed over West Indian cricketer Clive Lloyd at a pro-celebrity cricket match. David Simon, chief executive of BP, has a more modest sporting request: a new golf swing.

On a more humble level, Sir Patrick Sheehy, chairman of BAT Industries, would like a Christmas card from the Police Federation. His recent report recommending that bobbies be paid in performance-related pennies went down so badly with police that he is more likely to get handcuffs.

Less politically correct is a suggestion from Dominic Cadhury. Besides a video, he wants a radar to inform him when his wife is wearing something new or has had her hair done.

Some captains of industry have spared a thought for their company's Christmas needs. Failing his cricket request, Martin Sorrell would like an extra one per cent on margins at his WPP. Sir Christopher Bland, chairman of London Weekend Television simply wants to keep what he has: LWT. His present would be to foil Granada Group's unwelcome takeover bid.

This year's most popular high-minded gift for executives was a General Agreement on Tariffs and Trade deal. But Sir Christopher Hogg, chairman of Reuters, and Sir Derek Birkin, chairman of RTZ, the mining group – both of whom said they wanted this above all else – have not had to wait until Christmas morning.

Others with worthy requests will have to wait rather longer. Sir Nicholas Goodison, chairman of the TSB, asks for an independent Bank of England: he might have been better off requesting another valuable clock to add to his collection.

John Monks has shown that stuffiness is not restricted to the board room. No frivolity for him. He is treating his first Christmas as TUC general secretary as an opportunity to reiterate the wishes of his organisation. He has sent Santa a detailed request for legislation on basic rights for people at work, with clauses on health, safety and training.

The wish of Peter Morgan, his counterpart at IoD, is just *as unlikely to be granted*. His ideal present is 1m people off the unemployment register.

Paddy Linakar, managing director of M & G, the fund management group, also chooses the economy as his theme, but his wish is unseasonal. He would like to see all those who formulated Treasury economic policy out of a job. "Some have been there too long. In this harsh economic climate, if you don't hring home the bacon you usually find yourself on the way somewhere else."

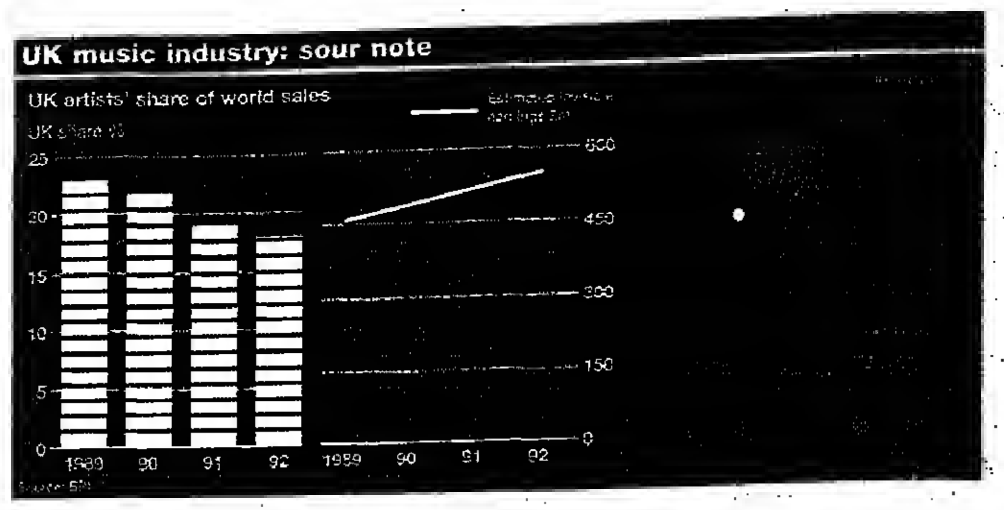
He is not the only one short of seasonal cheer. Stanley Kalms, chairman of Dixons, the high street electrical retailer, is too busy selling computer games to think about what he wants himself. Andrew Coppel, the new chief executive of Queens Moat Holdings, the hotels group, is having such a wretched time trying to keep the company afloat that he postponed any thought of Christmas gifts until next year.

Martin Taylor, having given a profits warning as his parting gift to Courtaulds Textiles before he leaves to become chief execntive of Barclays bank, is also in no mood to discuss presents. "I'm afraid Mr Taylor is too busy to help you with your article," his secretary said.

At least the ambassadors kept their wishes seasonal, with a thought for the poor and needy, or of traditional luxuries. If Sir Simon Hornby gets his caviar, perhaps he will show some Christmas spirit and share it around.

Michael Skapinker on the UK's falling share of world pop sales

Blob on the landscape



If you want to know what ails British pop music today, look at Mr Blobby, says Mr Chris Wright, chairman of the Chrysalis music and entertainment group.

Mr Blobby, for the uninitiated, is a corpulent, spotty, rubber television character with a song which currently occupies top position in Britain's singles charts.

Mr Wright believes the UK music industry has become obsessed with one-off hits such as Mr Blobby, rather than promoting bands long term so that they can succeed on a world stage.

The statistics appear to bear *out his concerns*. British artists' share of world music sales has fallen steadily over the past four years, according to figures produced by the British Phonographic Industry, which represents UK music companies.

In 1982, Mr Peter Scaping, BPI's research director, estimates UK artists accounted for about 25 per cent of worldwida music sales. In 1989, the figure was 23 per cent. Last year it was 18 per cent.

The dacline in UK market share has occurred worldwide. In the US, album sales by UK artists fell from 19.6 per cent of the market in 1989 to 14.5 per cent last year. In Europe, including the UK, British artists' albums accounted for 29.8 per cent of sales last year, compared with 35 per cent in 1989.

The UK has produced a string of international artists over tha three decades since the 1960s, from Cliff Richard, the Beatles and the Rolling Stones to Elton John and Boy George. But there have been few new British successas since the early 1980s.

George Michael, one of the more recent UK artists to attract an international following, is currently mired in a protracted legal dispute with Sony, his record company – although in his case he alleges that it is Sony's US executives who have failed to back his musical development while its UK managers have supported him.

Mr Wright argues that the UK music industry's concentration on the success of single songs has made the local charts more volatile. Because many groups have not huilt up a substantial body of music or customer loyalty, they tend to disappear when their hits drop out of the charts.

This has reduced the credibility of the UK charts overseas, Mr Wright says. "There was a stage when you could go to America or Germany and say that someone was number ona in England and people would say 'they must be good'. Now nobody in America or Germany cares what's number one in England. They say: 'So what? The last 20 people who were numher one in England we never heard of again.'"

The UK industry has become obsessed with one-off hits such as Mr Blobby

The indnstry's defenders argue against raading too much into the worldwide market share statistics. These figures are volatile, they say, and could change suddenly if a few new UK artists emerged.

Mr Rupert Perry, BPI chairman and UK chief executive of EMI Music, prefers to concentrate on the overall henefit British music continues to bring to the domestic economy.

Visible exports of UK music, in the form of compact discs, cassettes and vinyl records, have grown from £86.2m in 1987 to £141.9m in 1989 to £211.9m last year. Imports have, however, also grown steadily throughont that period. While the UK had a positive balance of trade of £72m last year, this was slightly down on the 1990 figure of £74.5m and the £72.3m recorded in 1991.

Exports of CDs and cassettes represent, however, only a small proportion of the UK's earnings from music. More important are the industry's invisibla exports, which include royalties and income from performances. The BPI estimates that UK artists' invisible earnings rose from £450m in 1989 to £550m in 1992.

Mr Perry accepts that the worldwide market share figures might be a sign that invisible earnings from music could turn down in future years; royalty earnings, for example, include the exploitation of the rich back catalogue that British musicians have produced over the years. Fewer UK artists in charts around the world today could translate into lower royalty earnings in the future.

Mr Perry accepts that the UK charts have become more volatile, but adds that the same trend is now apparent elsewhere. He says the fragmentation of the UK market, with the proliferation of different musical genres, has also made it more difficult for groups to make an international impact. Different musical forms attract relatively small groups of consumers with insufficient mass to provide bands with large-scale sales.

An additional reason for the decline in the UK's worldwide market share, Mr Perry says, is the increased popularity of local artists in markets around the world.

Some in the industry attribute the rise of local artists to the revival of *nationalism* in Europe and elsewhere. Mr Martin Mills, managing director of the mnalc company Beggar's Banquet, also points to the increasing success of American rock groups such as Nirvana.

He says: "For a long time, American bands didn't export very well. Rap still doesn't export very well. But the Americans have become much better at it than they used to be. I think there's as much musical vitality in this country as there used to be. But the other side are doing it much better than they used to."

Mr Perry adds that satellite television has helped increase the popularity of US rock acts in regions such as south-east Asia.

Some critics in the industry argue that the technical expertise of UK musicians has declined, aided by the punk wave and its celebration of playing instruments badly.

But even Mr Wright, who this year started a new label called Echo after selling Chrysalis' recording interests to Thorn EMI, believes there is as much musical expertise and proficiency in the UK today as in previous decades.

What some British groups lack, he says, is an understanding of how the music industry operates and how to market themselves.

He adds: "American musicians, however good they are, think that they have to behave like businessmen. English musicians think talent's enough. They think they're degrading themselves hy talking to people in the music trade."

LETTERS TO THE EDITOR

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Hong Kong: the moral responsibility

Ms Emily Lau.

Sir, Your editorial, "Hong Kong: the next stage" (December 17), suggested that if serious uncertainties about the future of Hong Kong were aroused, Britain would have to reconsider the issue of passports. The time has come to ask once again whether it is morally and politically justifiable for Britain to hand over 6m people to Chinese communist rule in 1997, given Peking's blatant disregard for the promise of "a high degree of autonomy" enshrined in the 1984 Sino-British joint declaration.

Peking's refusal to permit democratic elections has been clearly demonstrated in the 17 rounds of fruitless Sino-British negotiations. Besides democracy, the colony's legal and judicial framework and the preservation of civil liberties are all in doubt.

As Chris Patten, the governor, admitted to your newspaper: "It would be failure if I wasn't able to persuade China that Hong Kong is mature, sophisticated, modest in its political ambitions and capable of doing a lot more to look after its own affairs. I would have failed if I hadn't been able to persuade China that politics in a free society is no threat."

It looks like Mr Patten has failed. If so, where does this leave Britain's moral and political responsibility for the way of life of the people of Hong Kong?

Emily Lau,
Legislative Councillor,
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8 Jackson Road,
Central,
Hong Kong

Time to come clean on pension commitments

From Mr Terry Arthur.

Sir, I am sorry to see Samuel Brittan slip from his normal level of objectivity in arguing ("The harmful myth of hidden state debt", December 13) that unfunded public sector pension liabilities are not comparable to other national debt.

He states that future pensions are "like any other form of rising public expenditure" to be met from future tax revenue or its equivalent. While this is correct – as it is for servicing conventional debts (gilts), which have no liability other than future servicing and amortisation – the whole point in capitalisation is to express accrued "commitments". Indeed, unfunded pension liabilities could easily be switched into tha conventional gilt sector by a scrip issue of gilts, the servicing of which (including maturities) matches pension outgo. Of course the procedure should be applied only in respect of accrued liabilities, that is those deemed to remain if workers downed tools (and thus destroyed the future tax base).

In denying such an identity Mr Brittan must surely be arguing that future pension payments, unlike gilt-edged debt, are not genuine commitments. On past form, he is probably right, but if so let's come clean!

Mr Brittan gives himself away in concluding that disclosures of higher debt will promote tax increases which will "delay recovery still further". Not every economist believes this argument, but for those who do believe it, is it a justification for deceit?

Terry Arthur,
Institutional Investment Strategy,
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Stamford Lincs PE9 2DG

Credit where credit's due

From Mr Paul Reynolds.

Sir, Michael Prowse ("The 'new' frontier in economics", December 20) is indeed right to describe the notion that Professor Douglass North's views are new as "faintly absurd".

The Adam Smith Institute has assisted six post communist countries with institutional reforms designed to make the market work better, over the past two years alone. Please send Nobel Prize to the address below.

Paul Reynolds,
international director,
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Marsham Street monument

From J T Horrocks.

Sir, In view of the Department of the Environment's enthusiasm for listing working buildings which symbolise their time, surely it should consider making an order on its Marsham Street complex.

It does fulfil many of the criteria for inclusion. It is typical of the style of its period, huilt with the most advanced contemporary techniques and providing an excellent example of the working environment deemed suitable at the time.

Is it not very unfair that the department should not order it to be preserved exactly as it is, rather than paying attention to the wishes of the owners and occupiers of the premises? After all, privately owned industrial and commercial buildings are listed without any consideration of the cost of their upkeep, or any consultation with the owners and occupiers whatsoever.

J T Horrocks,
joint managing director,
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Where responsibility lies over the future of London orchestras

From Mr Anthony Everitt.

Sir, Given the general misconceptions that have arisen over the role of Sir Leonard Hoffman in relation to the funding of the London orchestras, it is important to set the record straight and point out that Antony Thorncroft is quite incorrect when he asserts ("Out of Tune with its clients", December 11) that "it was a ludicrous dereliction of duty to ask an outsider, Sir Leonard Hoffmann, to decide which of the three orchestras should receive Arts Council money".

The committee of orchestral experts, chaired by Sir Leonard (in a lay capacity) was appointed to offer independent analysis to advise the council's music panel. The panel in turn recommends to the full council what it considers to be the best course of action to take. It is the council itself that is responsible for making the decision. Moreover, Sir Leonard was not chosen because of his (unquestioned) legal eminence, but for his outstanding abilities in chairing an independent committee.

Your correspondent goes on to suggest that "according to the council's plan, the LPO was to get the vote, confirming its position as house orchestra at the Sonth Bank". Not so. There was no such plan, no such vote-rigging, as implied – and no pre-set hidden agenda. The Arts Council has throughout remained open-minded on the issue. It has taken its decision on the basis of the advice by the Hoffmann committee – and in the light of a full analysis of the implications of the reduced grant it has received for next year.

This is not, let it be said, "another example of the Arts Council's unresolved battle as to whether its role is to fight for the arts, or to give government better value for its subsidy".

We at the Arts Council believe that, contrary to the distorting views of some of our critics, we can – and do – perform both functions; the first priority is an integral part of the accomplishment of the second. They are not mutually exclusive aims.

Complex issues are involved here, matters that have to be handled in a proper procedural and responsible manner. The council is thus now in the process of making some difficult decisions and drawing up a range of – in some instances – unpalatable priorities.

Such deliberations simply cannot be conveyed, or indeed dismissed, in the simplistic language of the headline makers.

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FINANCIAL TIMES
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Tuesday December 21 1993

OECD pulls its punches

The economic cycle has its ups and down but so do the lives of international economic officials. Last week, the atmosphere in Geneva was one of heady excitement at the conclusion to the Uruguay Round of trade negotiations. Yesterday, life returned to normal as the Organisation for Economic Co-operation and Development published its half-yearly short-term outlook for the economies of the industrialised world.

The OECD's latest outlook is not one of its better productions. The language of international bureaucracy is never particularly inspiring. And the OECD's numerical projections are barely worth studying, given the OECD's atrocious forecasting record in recent years. Moreover, as the report acknowledges at the beginning but then does not discuss further, the biggest challenges facing the main industrialised economies are not to do with short-term macro-economic management.

The OECD is at its best when producing thorough and prescriptive analyses of structural issues. And the need to find ways to tackle persistent unemployment or over-stretched welfare systems is the main current preoccupation of governments everywhere. But these issues barely rate a mention.

The OECD's difficulty with short-term analysis is that political sensitivities make it hard for the organisation to do more than spell out the options that governments face and the risks ahead. As long as the advice is kept relatively broad and consensus-based – the need to remain vigilant in the fight against inflation or to reduce structural fiscal deficits – than all is well. But translating these general aims into policy prescription is much more difficult.

Promising recovery

The US is a case in point. Many US economists publicly, and OECD economists privately, are already getting itchy about the need for a rise in America's currently low short-term interest rates as an increasingly promising recovery takes root. Yes, inflation is also low – as President Clinton pointed out last week in an attempt to pre-empt a rate rise. But as Federal Reserve Chairman Alan Greenspan will well understand, by the time inflation starts to accelerate it is already too late to start tightening policy.

Yet there are also risks in an early tightening. For, as the OECD points out, the debt-based difficulties that the US, Japan and most of the English-speaking developed world have suffered recently make it possible that consumers will respond only slowly to signs of increased prosperity, especially in countries such as the US or Britain where there are tax increases in the pipeline. The solution for the US is almost certainly to leave the decision to Mr Greenspan, whose recent record has been impressive. That, given its support for independent central banks and the absence of direct advice in the report, must be the OECD's preferred solution.

Deepening recession

Nor is the OECD any more forthcoming when discussing the other short-term dilemmas facing developed country finance ministers. Japan's deepening recession looks increasingly like a credit crunch, as the OECD report acknowledges, with the implication that neither even lower interest rates nor more public investment are likely to help much. But although the Outlook rightly points out the evidence that banks are not lending to credit-worthy customers, it stops short of discussing the kind of publicly financed recapitalisation of the banking sector that the Japanese economy now needs.

In Europe, the OECD does a good job of outlining the options. Most indicators of the stance of German monetary policy suggest that it is too tight – but wage inflationary pressures persist. Unless German interest rates fall fast enough, the economic costs for France of trying to maintain a tight link between the Franc and the D-Mark risk becoming unsustainably high. The OECD report, while setting out the risks and benefits for France in cutting short rates below Germany's, ends up still sitting on the fence.

Yet this Economic Outlook is not a waste of time. Given the OECD's forecasting record, it would be easy to dismiss any short-term advice. But by laying out the issues while avoiding detailed prescription, the OECD adds to the sum of economic understanding. Better still, it should drop the forecasts entirely.

When the system breaks down

For all its well-deserved reputation for taking industry seriously, Germany offers a surprisingly large number of case studies where various failures of management supervision have led to highly-publicised corporate losses or even, in extreme cases, financial collapse. The list of well-known companies which during the last 10 or 15 years have been dealt severe blows through spectacular incapacity to exert proper control over aspects of their business include AEG, Nixdorf, Grundig, Krupp, Kloeckner & Co and Volkswagen. Metallgesellschaft, the Frankfurt-based metals and industrial group, whose chief executive was forced to resign on Friday, has now become the latest example of a high profile company falling prey to misguided decisions.

Mr Heinz Schimmelbusch, an outspoken Austrian who was elected Germany's manager of the year in 1991, led Metallgesellschaft's energetic and generally well-regarded moves into new business areas in recent years. He was dismissed after failing to keep his supervisory board informed of problems at the group's US trading subsidiary, losses at which have been large enough to have created a group liquidity crisis.

On one level, the story of Mr Schimmelbusch's fall from grace demonstrates little more than that, in any capitalist economy, charismatic chief executives sporadically fly too close to the sun. On another level, however, the Metallgesellschaft case offers insights into the strengths and weaknesses of Germany's system of corporate governance.

Shareholder pressure

German companies' dependence on stock market finance is relatively low, even though they are slowly becoming more sensitive to shareholder pressure, not least because of the need to turn to foreign investors for a greater proportion of their funds. As a result of the commensurately low influence of shareholders, Germany's supervisory boards – comprising representatives of shareholders and labour – have a disproportionately large responsibility for ensuring that management makes the right decisions. In many cases, supervisory boards can exert a positive influence by providing companies with a favourable environment for long-term planning. In particular, companies are protected from the need to pay undue attention to short term stock market fluctuations and to the threat of hostile takeovers. However, there is a danger that the system, by drawing supervisory boards into too close and trusting a relationship with management, can offer executive boards an imprudent amount of decision-making leeway. German style supervision can shield companies from the discipline that would otherwise be exerted by financial markets.

Lines of communication

Metallgesellschaft's supervisory board is dominated by representatives of Deutsche and Dresdner Banks and the Allianz insurance company. Although Mr Schimmelbusch was clearly at fault in failing to keep lines of communication open with the supervisory board, the latter also seems to have been only incompletely fulfilling its responsibility for checking his actions. Germany's two largest banks should now review whether their representatives on supervisory boards around the country are really in touch with the companies they help to lead.

The interlocking system of German capitalism, founded on co-operation between management, banks, government and labour, has been an essential factor behind the country's recovery after 1945. For much of the post-war era, German-style consensus seemed to offer a more reliable, fair and efficient means of achieving economic growth than the more free-wheeling economic systems in Britain or the US. Now, however, German industry is facing peculiarly difficult challenges caused by recession and high production costs, while society as a whole has become a great deal more brittle as a result of the strains of reunification. As a result, the question of whether Germany's consensus-based industrial structure needs a radical overhaul has become a matter of unusual public debate. If Mr Schimmelbusch's downfall helps to give this debate extra focus, then the Metallgesellschaft case will have had a salutary effect for German industry as a whole.

No script yet for urgent dialogue

Talks between the government and Islamic fundamentalists might staunch Algeria's violence, says **Francis Ghiles**

The moment of truth is fast approaching for Algeria's military and civilian leaders. The extension of the mandate of the five-man presidency for a month has provided a breathing space in which to try to curb civil strife, chart a path to democracy and implement economic reform. If it fails, the violence which has engulfed the country for the past two years could escalate and spread.

Western governments are urging their nationals to leave the country. Sixteen foreigners have been killed since Islamic extremists set a November 30 deadline for non-nationals to leave the country or face reprisals.

Worsening unrest could eventually spill over into neighbouring Morocco and Tunisia, while southern European countries, which buy increasing quantities of natural gas from Algeria, also fear the impact of continued political disorder on the estimated 2m Algerians who live in their midst.

Violence has claimed more than 3,000 lives in Algeria since January 1992, when the Islamic Salvation Front (FIS) was outlawed after elections – which it seemed certain to win – were suspended. The capital Algiers and surrounding provinces remain under a curfew imposed by the ruling five-man High State Council. In an increasingly violent campaign against the government, radical Islamic groups not directly affiliated to the FIS have killed leading intellectuals; the state security forces have responded by a "systematic" recourse to torture, according to Amnesty International. Western diplomats say it is difficult to distinguish between racketeering and acts of sabotage committed by both sides – public buildings and factories have been set on fire in what they describe as "a dirty war".

Ultimately, the fate of the country remains in the hands of a small group of army generals, as it has since independence in 1962. The collapse of support for the government has forced the army centre stage. General Khaled Nezzar, a leading member of the HCE has played a role in avoiding an open split among senior officers, such as the chief of staff, General Mohamed Lamari, who would like to "eradicate" the fundamentalists, and the minister of defence, General Lamine Zeroual, who insists that the army's role is to help forge a national consensus. Other fault-lines exist between older officers and a younger generation which has little respect for what it sees as the corruption endemic among long-serving officers.

While none of the five-man presidency accepts the idea of an Islamic republic being set up in the country, there is an increasing awareness that the FIS represents a constituency that can no longer be ignored. Hopes of a dialogue were raised earlier this month when Gen Zeroual's most senior adviser called, on state television, for "a dialogue with figures who once represented the FIS, on condition they had not broken the law".


Reuter
Moslem hand: there is increasing awareness that the FIS represents a constituency that can no longer be ignored

Last Friday, the FIS spokesman in Europe, Mr Rabah Khebir, responded by setting out conditions for opening talks. They include the freeing of all political prisoners and the establishment of a "free and independent committee" to include the main political, judicial and religious figures in Algeria to discuss the country's future. Most of the other lay parties and the moderate Islamic Hamas party agree with Mr Khebir that establishing a dialogue is the only way to avoid further political and economic disintegration.

But there is little support for the government. Deep-seated resentment at a quarter of a century of dictatorship by the Front de Libération National Party, and the economic mismanagement and corruption it left in its wake last year, is rife among the professional classes, skilled workers and millions of ordinary Algerians who have no wish to live under the rule of Islamic shari'a law.

The fate of Algeria remains in the hands of a group of army generals, as it has since independence in 1962

The generation to which Prime Minister Redha Malek, another crucial member of the HCE, belongs has refused to hand over any political power to a younger generation of Algerians, many of whom were educated abroad. Tens of thousands have gone into de facto exile, while few of those who remained have had a chance to argue their views or help plan economic liberalisation. The bold economic changes launched in 1989-91, which abolished the state's monopoly on foreign trade and opened Algeria to foreign investment, went into reverse when the elections were suspended.

The state's trade monopoly was reimposed under a former economic overlord of the 1970s, Mr Belaid Abdessalam, who became prime minister in June 1992, and relations with the International Monetary Fund were broken off. The resurrection of the man who had earlier boasted he would turn Algeria into the "Japan of Africa" by 2000 convinced many that the government had no real wish to push through reforms which would spell an end to the considerable material advantages enjoyed by a few in a closed economy.

The factors which fuelled the large FIS vote two years ago have not changed. Eighty-four per cent of those seeking a job are between 15 and 30; one quarter of the population is out of work; living standards are declining as inflation rises by 30 per cent yearly and shortages get worse; schools and houses are overcrowded. Many Algerians refer to their rulers routinely as *"houkkoumat Micky"* (Mickey Mouse government).

Unlike Mr Abdessalam, Mr Malek, who took over as prime minister in August, is committed to a market-oriented economy. Preliminary negotiations have begun with the IMF to loosen the noose of repayments of Algeria's $26bn foreign debt, which will absorb 83 per cent of total export earnings for 1993, 97 per cent of which derive from oil. Yet Algeria's western creditors remain sceptical of the present leaders' ability to enact reform. They are seeking trade liberalisation and a big devaluation of the dinar, which fetches three times its official rate on the black market.

But any hopes of an economic renaissance hinge on civil strife being brought to an end. The temporary withdrawal of representatives of foreign companies in Algeria is a serious blow to the government's credibility and to the economy because so many of them are involved in the oil and gas sector.

However, a dialogue between the FIS and the presidency might not in itself put an end to violence because several radicals groups on both sides of the political spectrum, in particular the Armed Islamic Group (GIA) which has claimed responsibility for the 26 foreigners killed since September, might seek to sabotage talks. The past three years have also divided the FIS, whose leaders are in jail or in hiding or in exile.

Some of Algeria's key western economic partners, such as the US, have accepted that an FIS election victory would not have led to the establishment of democracy because many of the front's leaders made no secret of their contempt for the ballot box. They claimed that a victory at the poll would be a mandate from God.

In the words of one western diplomat, Algeria today is "a test tube baby". However difficult it may be to begin a dialogue, such a course appears to many Algerians and foreign observers to offer the only glimmer of hope. Harsher repression of the fundamentalists could bring the risk of civil war nearer.

Out in the cold

David Buchan on Europe's reaction to deepening unrest

In the absence of political dialogue and economic reform in Algeria, the European Union is increasingly leaving the country out in the cold.

Yesterday the EU Council of Ministers gave the Brussels Commission a mandate to negotiate an eventual free trade accord with Tunisia, as the Council had earlier this month decided to do for Morocco. No such new relationship with Europe is in prospect for Algeria, until the latter's government can find some way of ending its incipient civil war with Islamic dissidents and returning to the path of economic reform.

Much turns on Algeria's negotiations with the International Monetary Fund for a reform and credit package; an IMF team has just visited the country and will return for further negotiations next month.

"We hope that the Algerians will get into bed with the IMF and produce a nice baby in the form of an economic reform programme," said a Brussels official yesterday. And indeed Mr Rehda Malek, the prime minister, was last week promising "an acceleration of economic reform and speedy moves to re-establish security" to reassure Algeria's foreign partners.

But until this happens, the second, Ecu150m tranche of a 1991 EU credit to Algeria will remain frozen, though Brussels has this year given the country Ecu100m for low-cost housing and food imports. These amounts are small, given Algeria's crushing debt-servicing burden, which at present eats up almost the entirety of its oil and gas export earnings. But the Algiers government refuses to seek a full rescheduling of its debt, as Mr Jacques Delors, the European Commission president, and a number of EU governments have urged it to do.

Mr Malek only talks of a partial "reshaping" of the debt. This refusal to countenance a full rescheduling stems in large part from the Algerians' feeling that they would lose face and sovereignty in submitting themselves to the closer creditor scrutiny which accompanies such debt relief, but also because Japan, one of Algeria's biggest creditors, is set against any rescheduling.

Unlike distant Japan, France feels exposed to the impact of social and political upheaval in Algeria. The French government has been quietly urging its European partners to follow its lead in renewing credit to the country.

Earlier this year France gave Algeria a FFr6bn export credit to enable it buy French goods, especially food, pharmaceuticals and car parts. "But we are a bit alone in this," said a French official yesterday, though he claimed Italy and Spain shared French concern about stability in Algeria.

At the same time, in response to the Islamic fundamentalists' killings of foreigners, the French government is discreetly reducing the size of the French community in Algeria. There are, or were, 25,000 French nationals registered with the three French consulates, with more than 50,000 unregistered French citizens in the country, mostly with dual nationality.

In addition to pulling out some of its own diplomats and employees in Algeria, the French government has been advising its citizens to take advantage of the autumn school break and now the Christmas holidays to come to France and not to return. Some 5,000 French, mainly wives and children, have taken this advice since mid-October. The remaining French community in Algeria has been told to exercise "extreme vigilance", and has been given radio telephones to stay in contact with French consulates.

From Paris has come a steady stream of public calls for the Algerian authorities to talk to its opponents and to do a deal with the IMF. In doing so, France has tried to keep a certain distance from the Algerian regime. But this effort was somewhat undermined by the French interior ministry's recent action in rounding up some 88 suspected Islamic fundamentalists in France for questioning about their links with the FIS and other organisations.

France's overriding interest is in stability in Algeria, whoever rules the country. In the end, Paris reckons that the Algerian government has a far better chance of providing the democratic and economic conditions for stability than its opponents.

OBSERVER

White hot head basher

■ The brashly ebullient Heinz Schimmelbusch, ousted from his perch at *Metallgesellschaft*, was always something of an anomaly on the German industrial scene. No surprises, then, that Karl-Josef ("Kajo") Neukirchen, the man installed last Friday as the new chief executive at the troubled company, is cast in a rather different mould.

A tough, no-nonsense *hatchet-man* blessed with film star good looks, Neukirchen's cool reserve presumably appeals rather more to the all-powerful big banks when it comes to sorting out intractable corporate problems.

Recessionary times have been good to the 51-year-old company doctor who first made his mark in 1987-88 when he was spirited in to clear up the problems at engineering group Klöckner-Humboldt-Deutz. He put the company back on its feet, one in four workers lost their jobs, and he moved on to Hoesch in 1991.

There he lasted only until the following summer, as the steelmaker fell victim to rivals Krupp in one of Germany's extremely rare hostile takeovers. But he walked away with a multi-million pay-off.

Since then, the physics and business graduate from Bonn has picked up chairmanships of the supervisory boards of both FAG Kugelfischer and the ailing Klöckner-Werke. At the former, he has once again demonstrated his willingness to take unpleasant decisions swiftly – nearly half the workers have gone amid one of the most drastic restructurings on 1993.

Yesterday he was back in executive mode at Metallgesellschaft's Frankfurt headquarters where the atmosphere must be anything but festive.

Lines crossed

■ It may be the season of goodwill but Michael Heseltine, trade and industry secretary, and Michael Portillo, chief secretary of the Treasury, still seem no closer to settling their inter-departmental row over the issue of angling licences.

Portillo is blocking a move by the prezza to allow post offices to sell licences to the nation's anglers because he doesn't think a state monopoly should be allowed to undercut the private sector tackle shops which sell the licences alongside rods, nets and maggots. A furious Hezza has responded by telling the cabinet's rising star to get his hook "off my line".

Portillo is prepared to negotiate. If Hezza's department drops its opposition to privatisation of the post office, then Portillo will happily accept a liberalisation of the market in angling licences. Cheeky.

'I want peace on earth, an Afrikaner homeland and a Mr Blobby lunchbox'

Bull's eye

■ Speaking of Portillo, the young Thatcherite standard-bearer has easily won this year's prize for the most imaginative ministerial Christmas card. Harking back to his Spanish ancestry, Portillo's greeting depicts a Garland cartoon of a Spanish bullfight. The chief secretary is the matador, clutching a cape emblazoned with spending cuts and a sword with tax rises. The badly-wounded bull, of course, is the government's borrowing requirement.

Changing places

■ What better symbol of the yawning gap between commercial and investment banks? Having reported that Goldman Sachs' partners are each to get a $5m share of the profits this year, Chase Manhattan, the Rockefellers' old family bank, has just announced its Christmas bonus.

It is celebrating its profits recovery by awarding its employees an extra day off work next year and $300 extra pocket money. Admittedly, Chase's largesse is spread around all of its 34,000 employees and not just confined to 161 fat cats, as is the case with Goldman. Even so, Chase is only handing out the equivalent of two Goldman partners' bonuses.

Strung out

■ Alarmed by the recent turn of events in Russia, the organisers of a British school party about to take the St Petersburg-to-Moscow train, contacted the travel advice unit at the Foreign Office. It replied that while it could not accept liability for injury, loss or damage arising from its advice, it did recommend that train travellers secure the door of their compartments with "wire or strong cord".

Back at the school, the teachers are anxious to prevent the secret leaking out to some of their more unruly pupils. If it does, "they'll all want to go," says one nervous organiser.

Uninteresting

■ Let's hope 1994 proves to be a more memorable year for some US citizens than the one now ending. According to a opinion poll just published, the most memorable event of 1993 was not the Clinton inauguration, nor sadness over the troops lost in Somalia, nor even the third consecutive National Basketball Association championship win by the Chicago Bulls. Instead, what stuck most in the mind of the 1,000 people polled was "falling interest rates".

But then the nature of the survey's sponsor – MasterCard International – may have had *something* to do with its outcome.

Global view

■ While on the subject of opinion polls, anyone idly repeating the myth that Germans behave arrogantly should think again. One of Germany's leading pollsters – Infas – has just discovered that 78 per cent of Germans think the world would not be a better place if everyone was like the Germans: 21 per cent thought it would be.

FINANCIAL TIMES
Tuesday December 21 1993

Single currency move could cause delay

Spanish demand upsets EU enlargement talks

By David Gardner in Brussels

Spain threw already vexed European Union membership negotiations with Austria, Sweden, Finland and Norway into confusion yesterday by demanding that they be left out of the Maastricht mechanisms for setting up a single European currency by 1999.

Although the Spanish proposal won little support from EU foreign ministers meeting in Brussels, it could hold up attempts to close the Maastricht chapters of the entry negotiations when the 12 meet the four candidates today.

The EU and the four are working against the clock to finish the accession talks by March, for the enlargement to take place as planned on January 1 1995. New delays in areas which until now had been relatively uncontroversial could make this already receding goal even more remote.

Spain says that on the earliest date, 1997, for the third phase of economic and monetary union, only the 12 present member states should be taken into account.

Under Maastricht, a single currency would go ahead in 1997 only if a majority of the 12 met the strict convergence criteria on debt, budget deficits, inflation and interest rates. At present, only Luxembourg of the 12 meets these criteria.

But it is a theoretical possibility that a small "hard core" grouped around Germany and the Netherlands, added to Austria and the Nordic economies, could constitute a majority among 15 or 16 member states. That, in the Spanish view, would move the momentum of European integration decisively northwards, a prospect Madrid rejects.

It is therefore insisting that the majority referred to in the Maastricht treaty must come from among the original 12. New member states could join Emu at the early date but would not constitute part of the required majority. Spain also wants to prevent the generally better financial performance of the four applicant countries from being factored in to the Emu convergence criteria, thereby making it a harder goal for the existing 12.

After the near failure of the EU's exchange rate mechanism in August, the notion of a first try at Emu in 1997 is widely considered academic. Several EU diplomats speculated yesterday that Spain was trying to keep the Emu chapter of the accession talks open as a counterweight to later and more difficult negotiations on Norwegian fishery resources, over which Oslo insists on total control.

But the ploy could have a damaging ripple effect. The electorates in all four candidate countries – who have to approve membership in referenda next year – are already sensitised by vigorous "No" lobbies about EU decisions which could affect them being taken without their governments' participation.

Abu Dhabi may sue collapsed BCCI for $7bn

By Andrew Jack

The government of Abu Dhabi is considering suing the collapsed Bank of Credit and Commerce International in a move that would substantially reduce payouts to the bank's other hundreds of thousands of creditors.

It is also preparing legal claims against the network of upwards of 20 independent intermediary banks through which its $2.6bn of allegedly misappropriated money was channelled by BCCI.

The details emerged as the Department of Private Affairs in Abu Dhabi, the majority shareholder in the bank, launched a $7bn civil action in the local courts against 13 former executives of the bank.

Mr David Sandy, a partner with Simmons & Simmons, Abu Dhabi's lawyers in London, said: "We hope it won't come down to [suing BCCI] but that is one of the options."

He said Abu Dhabi could sue BCCI for $7bn, which would rank alongside the existing creditor claims, and could also have a priority claim for breach of trust for $1.6bn misappropriated which would rank ahead of other creditors.

The claim may occur if Abu Dhabi is unable to agree a new settlement with the liquidators to BCCI to stave off litigation. The previous proposals were rejected by the Luxembourg appeals court earlier this year.

Sheikh Zayed bin Sultan al-Nahyan, Abu Dhabi's ruler, and Crown Prince Khalifa claim they entrusted $2.6bn throughout the 1980s to BCCI for a portfolio of investments. They recovered about $600m, including $150m which was left when BCCI was closed by regulators in July 1991.

The remainder of yesterday's $7bn claim represents what advisers say would have been the portfolio's value had it been legitimately invested.

While BCCI provided statements suggesting the money was being safely held and appreciating in value, they claim it was being transferred secretly to BCCI subsidiaries.

Russia sells gems to west in breach of De Beers deal

By Kenneth Gooding, Mining Correspondent

The Russian government, desperate for hard currency, is selling uncut gem diamonds from its Treasury stockpile directly to dealers in Antwerp in clear breach of its agreement with De Beers, the South African group which controls more than 80 per cent of the world's rough, or uncut, diamond market.

Between $40m and $50m of diamonds had "leaked" to the west in the past two weeks, Mr Gary Ralfe, a De Beers director, suggested yesterday.

The Russian problem emerged at the end of a record year for the Central Selling Organisation, De Beers' London-based offshoot that organises the international diamond cartel. The CSO reported yesterday that its rough diamond sales reached $4.355bn in 1993, 28 per cent higher than last year's total and 5 per cent above the previous record in 1988.

The former Soviet Union rejoined the diamond cartel in 1990, giving the CSO exclusive rights to sell 95 per cent of its production for five years. At the same time, De Beers advanced the government a $1bn loan and shipped some of the Soviet diamond stockpiles to London to be held as collateral. After the break-up of the Soviet Union, Russia agreed to cnntinue the arrangement.

The international diamond market relies on De Beers to even out the peaks and troughs in demand via the cartel – a system it calls single-channel marketing.

Mr Ralfe said he had made it clear during a meeting with a senior Russian nfficial at the weekend that any large-scale leakage of gem diamonds would destabilise the diamond market. "I urged the Russians not to damage the long-term benefits of single-channel marketing for short-term gain," said Mr Ralfe.

The official – whom Mr Ralfe refused to identify – said great care was being taken not to undermine the market and pointed out that the Russian diamonds were not not being sold at cut prices.

Mr Ralfe said the sale of rough diamonds from Russia's stockpile had been "worrisome" for De Beers this year. At the time the stones were stockpiled they were non-gem diamonds set aside for industrial and technical use.

However, many of the diamonds from Russia's strategic stockpile had gone to India for cutting.

Record sales, Page 20

THE LEX COLUMN

Savings grace

The sharp upward revision of the second-quarter savings rate in yesterday's UK GDP is good news for those worried about the economy's ability to withstand tax increases next year. Since the previous second-quarter estimate of 10.1 has been replaced with one of 11.7, the government's expectations that it will fall in 1994, which were factored into its budget forecasts, look more plausible. Moreover, the higher ratio has come about not because consumers were spending less than previously thought, but more because estimates of personal income have risen.

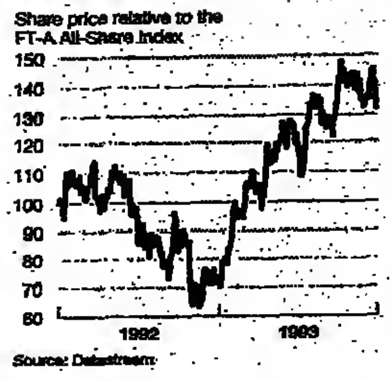
Admittedly, the scale of the revisions, which have also seen a jump in the first-quarter savings ratio, mean it is risky to set too much store by its absolute level. The encouraging fall of the ratio to 10.6 per cent in the third quarter may prove illusory if that figure too is revised in due course. But the ratio does now have room to fall by the 1.5 percentage points or so needed to offset next year's tax increases without hitting levels unprecedented even in the low inflationary 1960s.

Higher employment levels, at least in the service sector, may help boost personal incomes next year. That in turn could boost consumer confidence, even though job worries are still a dampener at present. There are also incipient signs that lower interest rates are encouraging consumers to borrow more on credit cards. If that continues, fiscal tightening may not be too painful after all.

FT-SE Index: 3364.9 (+27.8)

British Steel

Share price relative to the FT-A All-Share Index



Source: Datastream

Unilever

The acquisition of a French ice-cream business for FFr1.9bn has all the hallmarks of a model Unilever deal. The Anglo-Dutch group has been stalking the privately-controlled Ortiz-Miko for years, waiting for the opportunity to prise it free. The addition of the business will hardly transform Unilever's prospects but it will usefully strengthen its presence in the weakest of its main European markets, enabling it to leapfrog Nestle' in the process. Unilever can easily afford the diversion of cash flow. The price seems fair for such a strategic nugget.

The acquisition will also serve a broader aim, helping Unilever centralise its European ice-cream production while strengthening its local distribution network. Unilever is now clearly intent nn concentrating its resources on product areas of greatest strength. The acquisition of Kraft's ice-cream business in the US in September betrayed similar purpose.

The intriguing aspect to the Ortiz-Miko deal is BSN's presumed involvement as an asset broker. The French group will now walk away with a desirable prepared meals business. Such asset swaps are likely to become an increasingly common feature of the European food industry as companies seek to dominate discrete market segments. That, though, will doubtless excite the interest of the Brussels competition authorities. Given Unilever's existing grip nn the European ice-cream market, it would be perfectly justified to take a closer look.

British Steel

In marking British Steel down by 6 per cent, the market has given the thumbs down to the new European steel agreement. It may be right to do so, despite considerable uncertainty over how the deal will actually affect prices. Hopes of a solution to the European over-capacity problem have helped the shares more than double this year. Now those inclined to put on a brave face argue that even a fudged agreement is better than no agreement at all. At least the European industry's collective determination, which has helped recent price rises to stick, should continue. The self-help scheme will remove capacity despite the lenient treatment of Ekostahl and Ilva, and discipline has been imposed, albeit only in theory, on state subsidies.

Yet it is difficult to believe that prices – which are still well below their pre-recession peak – will be as well supported next year as they would have been with a tougher line from Brussels. The grudging EU agreement means negotiations on private sector capacity reduction may be tortuous and protracted. With no real prospect of volume increase in Europe next year, British Steel could face increasing competition in its relatively buoyant home market.

If that calls for a more sceptical view of 1994 than hitherto, medium-term expectations must be scaled back too. The industry's self-imposed price discipline works only because demand is depressed. It will be harder to enforce in an economic recovery, when there will also be less incentive for capacity reduction. British Steel's chances of matching its peak profits of £733m in 1989-90 remain elusive.

Television

The LWT defence document contains the kind of good knockabout stuff that keeps shareholders amused and merchant bankers in lucrative employment. The use of highly selective charts accentuates LWT's fine record while diminishing Granada's achievements. It nevertheless lands some telling blows about the underlying prospects for some of Granada's businesses.

One of LWT's more substantive arguments is that the UK is about to experience the same media explosion which has already shattered the US scene. In the fast-developing – if ill-defined – world of multi-media, companies which can create intellectual property and boast a library of existing 'software' will become increasingly valuable. This is highlighted by the current bid for Paramount, where QVC and Viacom are both prepared to pay about 40 times historic earnings to secure a rare film production company with an international distribution network. The S&P broadcast media index has strongly outperformed this year as a result of such excitement.

Parallels can be drawn with the UK. The proliferation of media channels will surely increase the value of television programmes; LWT is one of the more imaginative producers. But LWT is no Paramount. Nor is it the case that the UK market has neglected the value of media stocks: they are already the most highly rated of UK consumer companies. Despite the diversions of Yorkshire-Tyne Tees, Granada's bid still seems likely to shake down to a question of price. At 30 times LWT's earnings, Granada's offer is not demonstrably cheap.

Trade figures lift franc

Continned from Page 1

reflecting cautious confidence in its recovery potential and relief at the successful outcome of the Gatt negotiations. However, the franc and French equities had also benefited from technical adjustments as investors tried to balance their investment positions before the year-end.

Christopher Potts, chief French economist at Banque Indosuez in Paris, said the surge of interest was part of a general move towards European investments.

The mood of cautious confidence was reinforced by the latest economic forecast from the Organisation fnr Economic Co-operation and Development, which predicted a modest recovery for the French economy in 1994 with growth of 1.1 per cent in gross domestic product.

However, the OECD warned of a further increase in unemployment from the present level of 12 per cent of the French workforce to 12.5 per cent during 1994. It does not expect to see the unemployment rate fall until 1995.

Gorillas win the toy battle

Continued from Page 1

if only the manufacturers had made enough to meet demand, would have been action figures based on the Mighty Morphin Power Rangers television series, in which the eponymous rangers use their Power Morphers and Power Gun/Swords to save the earth from evil space aliens.

Video games are also growing more ghastly. In one, called Night Trap, players try to prevent a gang of hooded zombies from capturing some scantily-clad sorority sisters: if they fail, the killers use a syringe to suck the women's blood. It has proved so offensive many retailers have removed it from their shelves.

On a brighter note, not all the toys on sale are violent or obviously sexist. Mr Ian McDermott, senior buyer at F.A.O. Schwartz, the Manhattan toy store, says the best-selling toy is a $6 stuffed gorilla eating a banana.

"I don't know why, but gorillas always sell well in any shape or form. People find them amusing."

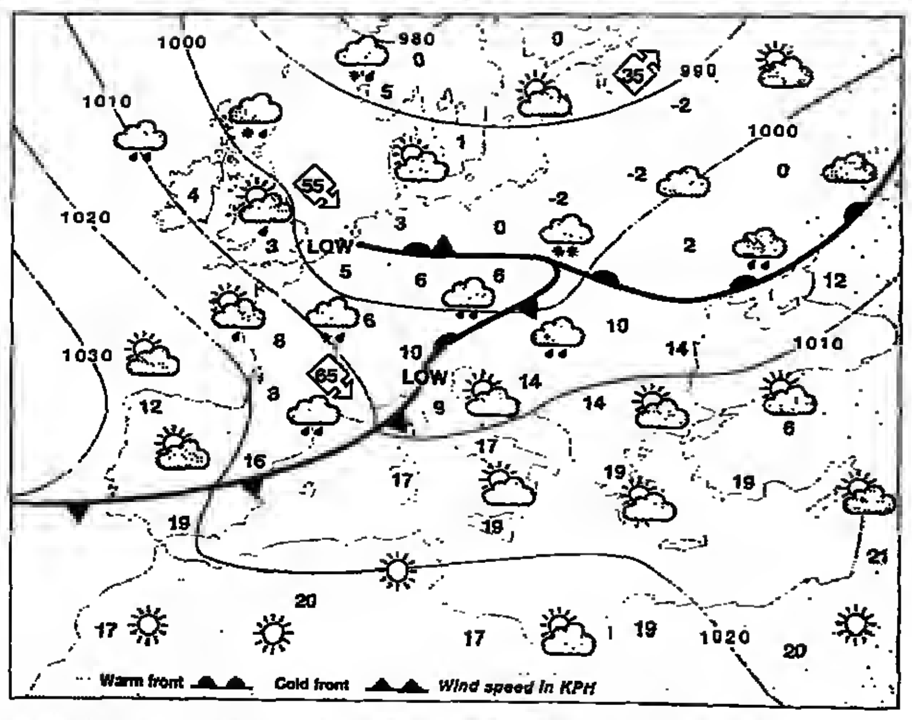
FT WEATHER GUIDE

Europe today

The Low Countries and Germany will have cloud and rain. The northern British Isles will have showers, with rain and sunny spells elsewhere. A depression over the southern Swiss and French Alps will bring a wind to the Rhone Valley. Higher in the Alps, the wind will near gale force while temperatures will be freezing at 1500m. Snow will fall in the Alps and in the Pyrenees above 1700m. The Mediterranean area will be generally dry, except for the French coast where showers will fall. Low pressure near the northern Norwegian coast will bring gale force winds.

Five-day forecast

High pressure over the Atlantic will mean settled conditions in Portugal and Spain. Northern and central Europe will be unsettled with rain later in the week. Strong winds will develop over the British Isles and north-western France mid-week. Much rain is expected in France and later in Italy later in the week. Winds will gradually lessen in Scandinavia.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

City		Maximum Celsius
Abu Dhabi	sun	25
Accra	cloudy	32
Algiers	sun	22
Amsterdam	rain	8
Athens	fair	17
B. Aires	fair	29
B.ham	shower	3
Bangkok	fair	30
Barcelona	cloudy	18
Beijing	fair	4
Belfast	shower	2
Belgrade	fair	17
Berlin	shower	3
Bermuda	fair	22
Bogota	fair	22
Bombay	sun	32
Brussels	rain	7
Budapest	shower	13
C.hagen	fair	3
Cairo	sun	20
Cape Town	fair	25
Caracas	cloudy	28
Cardiff	fair	4
Chicago	sleet	-2
Cologne	rain	6
D'Salaam	fair	31
Dakar	cloudy	25
Dallas	shower	13
Delhi	sun	22
Dubai	sun	26
Dublin	cloudy	4
Dubrovnik	cloudy	15
Edinburgh	sleet	3
Faro	cloudy	18
Frankfurt	rain	7
Geneva	sleet	9
Gibraltar	fair	19
Glasgow	shower	2
Hamburg	shower	1
Helsinki	fair	0
Hong Kong	cloudy	18
Honolulu	fair	28
Istanbul	fair	14
Jersey	shower	8
Karachi	sun	29
Kuwait	sun	23
L. Angeles	sun	20
Las Palmas	sun	20
Lima	cloudy	23
Lisbon	fair	13
London	shower	4
Lux.bourg	rain	6
Lyon	rain	10
Madeira	fair	18
Madrid	cloudy	12
Majorca	fair	18
Malta	cloudy	19
Manchester	cloudy	3
Manila	cloudy	30
Melbourne	fair	19
Mexico City	sun	22
Miami	shower	25
Milan	fair	11
Montreal	snow	0
Moscow	cloudy	0
Munich	rain	8
Nairobi	fair	23
Naples	fair	17
Nassau	fair	27
New York	rain	7
Nice	cloudy	18
Nicosia	fair	9
Oslo	fair	0
Paris	shower	9
Perth	fair	32
Prague	shower	6
Rangoon	fair	33
Reykjavik	cloudy	-3
Rio	thund	21
Riyadh	sun	24
Rome	cloudy	17
S. Frsco	sun	15
Seoul	cloudy	8
Singapore	cloudy	31
Stockholm	fair	-3
Strasbourg	rain	11
Sydney	cloudy	31
Tangier	sun	17
Tel Aviv	fair	21
Tokyo	rain	9
Toronto	snow	0
Tunis	sun	21
Vancouver	cloudy	6
Venice	fair	9
Vienna	shower	10
Warsaw	sleet	-2
Washington	rain	8
Wellington	fair	18
Winnipeg	snow	-10
Zurich	rain	7

هكذا من الأصل

BUSINESS AND THE LAW

Sex, equality and pensions

EUROPEAN COURT

The European Court last week confirmed that the equal treatmant principles established in its 1990 Barber judgment for contracted-out private pensions, also apply to private company pension schemes.

The Court said the Rome treaty principle of equal pay for equal work in the context of retirement age discrimination was not restricted to contracted-out private pension schemes.

Company pension schemes, where the pension payments qualify as remuneration for employment under the treaty rules on equal treatment of men and women, are also covered.

Moreover, enforceability in the national courts of the treaty rule on equal treatment was not affected by a 1986 directive on implementation of the equal treatment principle which member countries were obliged to implement only from January 1 1993.

But the equal pay principle was enforceable only in the context of company pension schemes from May 17 1990, the date of the Barber decision. The exception was for employees, or those claiming through them, who had commenced legal proceedings or an equivalent claim before then.

The Court's ruling came in response to questions referred by the Bonn Arbeitsgericht about a dispute between Mr Moroni and the Collo company for which he worked between 1968 and 1983.

During this period he belonged to the company pension scheme, the rules of which said men could not take their pension before 65 while women could do so at 60.

German law on private pension schemes provides that when employees leave a company before retirement age thay are entitled to maintain the pension rights accumulated at that time until 65, if male, and 60, if female.

The amount of pension is calculated by applying to the full pension entitlement at retirement age a coefficient equal to the ratio between the employee's age and pensionable age. Since the years to retirement for women would be less than for men, the pension reduction for men would be greater than for women.

Mr Moroni claimed before the national court his pension rights should begin at 60 and be set on the same basis as a woman in the same circumstances.

The ECJ explained its Barber ruling made it clear discrimination in the form of different pensionable ages for men and women in the context of contracted-out private pensions infringed the treaty prohibition on pay discrimination between men and women.

The alignment of the retirement ages on those of the state pension law made no difference. The principle behind the Barber decision was that the concept of pay in the treaty rule covered all payments present or future by an employer to an employee directly or indirectly by reason of the employment. Payment after termination of employment was not excluded.

Against this background, the ECJ said that the principles applied in Barber were not limited to UK contracted-out pensions. Provided a pension scheme was outside the social security system and did not benefit from public finance, it would be subject to the principle of equal pay when it involved an agreement between employer and employee and was supplementary to a state pension.

The ECJ rejected any suggestion that a directive could restrict the enforceability of the treaty rule on equal treatment. In line with previous case law, the treaty rule applies directly to all discrimination which can be established by reference only to the criteria of equivalent work and equal pay laid down by the treaty.

Finally, the Court confirmed its decision of 6 October 1993 in the Ten Oever case as to the temporal effect of Barber. It said equal treatment in respect of company pension rights could only be invoked for pension payments relating to employment periods after May 17 1990, the date of tha Barber judgment, subject to the exception for prior claims.

This is the second judgment since Barber. A third is due on December 22 in Neath v Steeper. But no date is fixed for judgment in the Coloroll case.

C-110/91, Moroni v Collo, ECJ FC, 14 December 1993.

BRICK COURT CHAMBERS, BRUSSELS.

Liable to a flood of litigation

Hiroshi Oda on changes to Japan's commercial code that facilitate shareholders' actions against directors

Recent changes to the Japanese commercial code making it easier for shareholders to take legal action on behalf of a company against its directors and officers and a spate of such "derivative actions" arising out of the 1991 Japanese securities houses scandal have raised fears among Japanese companies of a flood of litigation.

Although derivative actions were introduced in Japan in 1950 they have seldom been used. The stamp duty payable to initiate litigation was very high and, if the shareholder won, only the company benefited. Also, the cost of being involved in litigation, which could last for more than 10 years, was prohibitive.

Notwithstanding these difficulties, there have been some notable cases. In September directors of Mitsui Mining were ordered to pay Y3.5bn (£21.4m) to the company by the Japanese supreme court for their part in an illegal purchase of its own shares in 1978. The company had been sued by a shareholder over a loss it made by purchasing shares from a big shareholder who had objected to its plans to merge with another mining company. Mitsui had paid a price 25-30 per cent higher than the market price and assigned them to its own subsidiary companies for a price below the market price.

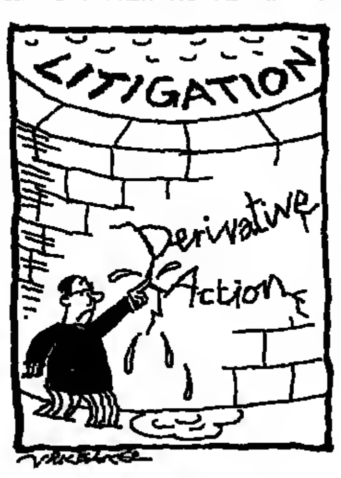
Another case, still pending before the supreme court, involves the restructuring of Janome, a sewing machine manufacturer. Two shareholders accuse the main bank involved in the restructuring of assuring its own interests as a creditor at the company's expense through directors seconded from the bank.

And there have been a number of derivative actions arising out of the 1991 securities scandal in which Japan's big four securities houses secretly paid compensation to favoured clients for trading losses.

In a case involving compensation of loss paid by Nomura Securities to favoured customers, the district court of Kyoto rejected shareholders' claims that directors had not acted in good faith and had not exercised care as good managers. The court said directors would not be liable unless there had been a careless error in their perception of facts or the decision-making process was excessively irrational. It could be 10 years before this case is finally decided.

Amendments to the commercial code, which came into force in October, should make it easier to bring derivative actions. The main change concerns the amount of stamp duty payable to initiate an action.

Stamp duty is calculated on the the size of the claim. Last year a shareholder of Nikko Securities initiated a derivative action over compensation paid to favoured customers. The contested amount was



Y47bn and the stamp duty Y235m, or 0.5 per cent.

The shareholder argued, however that the stamp duty should be calculated on a different basis. The claim was not a proprietary one because, if he won, the contested amount would be paid to the company and not to him.

The Japanese law on the costs of civil litigation provides that for non-proprietary claims the contested amount is deemed to be Y950,000. The district court rejected his argument but the Tokyo appellate court accepted it.

The latest amendment to the commercial code expressly provides that derivative actions will be treated as non-proprietary and the stamp duty will be set at Y8,500, so making it much easier for shareholders to bring claims.

This change has long been opposed by companies which feared increased liability and a flood of actions against directors.

The change eventually came out of the Structural Impediments Initiative trade talks between Japan and the US. The Americans argued shareholders' rights were not properly protected in Japan and that Japanese management was almost free from control by shareholders.

Japanese companies are, indeed, relatively free from shareholder control. A majority of shares are held by stable corporate shareholders which tend not to complain about the performance of a company because of Japan's system of mutual shareholding.

The standard of care required of directors was also rather low compared to the US. In recent years, some foreign investors, especially institutional investors, have been horrified to find after buying Japanese shares how little control they have over management.

Most of the changes to the commercial code are part of the effort to meet their concerns. It is now, for example, mandatory for big companies to have at least one external auditor, the equivalant of the English non-executive director. Sumitomo Corporation has recently appointed a former prosecutor general as its external auditor.

Companies are nervous of the changes to the code, particularly the steps taken to make it easier to bring derivative actions. They fear shareholders may initiate actions just to embarrass the company or for the purpose of extortion. They worry that directors may become more timid in making decisions.

The code has a potential safeguard against frivolous or vexatious actions, empowering the courts to order the plaintiff to place a deposit if the defendant requests one.

Others believe that, because derivative actions are time-consuming and do not bring any direct financial benefit to the plaintiff, their number will not increase dramatically. Yet many companies are investigating whether they can insure their directors against derivative actions.

The author is Sir Ernest Satow Professor of Japanese Law, University College London.

DTI leaves it late in the day

Eleventh-hour changes by the Department of Trade and Industry to UK commercial agency rules designed to bring them into line with the rest of the European Union from January 1, provoked widespread criticism from British companies.

UK companies which had been advised to sack their commercial agents and renegotiate their agency agreements or incur a cost of between £5,000 and £80,000 for each cancellation after January 1, were given just 10 days to make the necessary adjustments.

Their anger is understandable given that the EU directive on commercial agents was adopted seven years ago and the DTI first consulted British companies on its implementation back in 1987.

But as the furore dies down it appears the impact of the changes may not be as great as first feared, particularly in relation to the method chosen by companies for compensating sacked agents. Those companies which renegotiated their agreements on the basis of the June draft of UK regulations may find they have made the right choice after all.

Companies' anger is understandable given that the DTI first raised the question in 1987

The UK draft regulations are designed to give self-employed commercial agents greater protection, making it harder for companies to terminate agreements and guaranteeing agents compensation if sacked.

The regulations provide that compensation should be paid for damage suffered by an agent as a result of the termination of an agreement. But after industry complaints that the clause left companies open to the possibility of paying unlimited damages, the government made a last-minute change to allow businesses to cap compensation. Instead of paying damages companies can agree to indemnify the agent for a sum equivalent to a maximum of one year's commission.

The change has been welcomed by companies because of the greater flexibility it affords in negotiating new agreements. But many lawyers believe in most cases companies would be better off paying compensation rather than indemnifying the agent.

According to City solicitors Baker & McKenzie, any attempt to fix the indemnity at less than one year's compensation would be open to review by the English courts on the grounds that it does not adequately indemnify the agent as the UK regulations require. Companies should therefore be prepared to pay up to a year's commission before opting for an indemnity.

In addition, choosing the indemnity option would not prevent an agent from seeking damages. Where the termination of an agreement amounts to a breach of contract by the company the agent may be able to recover damages on top of an indemnity.

By contrast any compensation paid to an agent must be linked to actual damage. Damage will be deemed to have occurred where the agent is deprived of commission to which he is entitled for services rendered under the terms of the contract, and the company has received big benefits from the agent's activities; and where the agent has not been able to depreciate his costs and expenses.

According to Baker & McKenzie, in cases where a company allows a fixed-term agency agreement to expire without renewal or even where the company terminates the contract in accordance with its terms, compensation should only be payable if the agent has undepreciated costs and expenses. Baker & McKenzie says careful drafting of an agreement should ensure that an agent is obliged to depreciate his costs early on, and prevent him from incurring further expenditure.

The compensation payable by companies following termination of an agreement should, therefore, be minimal and certainly less than an indemnity equivalent to a maximum of one year's commission. Only in the rare circumstances where the certainty offered by an indemnity is crucial will it be the preferabla option from a company's point of view.

Robert Rice

LEGAL NOTICES

No. [illegible] of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF SKANDIA PROPERTY (UK) LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 13th December 1993 confirming the reduction of the share capital of the above-named Company from [illegible] and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on [illegible] December 1993.
Dated this 21st day of December 1993
ASHURST MORRIS CRISP
Broadwalk House
5 Appold Street
London
EC2A 2HA
Reference: [illegible]
Solicitors for the said Company

No. [illegible] of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
Mr Registrar Buckley
IN THE MATTER OF COMAC GROUP PLC
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 3rd day of December 1993 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of share premium account of the said Company.
AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 12th day of January 1994.
ANY CREDITOR or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of the share premium account should appear at the time of the hearing in person or by Counsel for that purpose.
A copy of the Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.
Dated this 21st day of December 1993
ASHURST MORRIS CRISP
Broadwalk House
5 Appold Street
London EC2A 2HA
Reference: [illegible]
Solicitors for the said Company

PEOPLE

McKillop takes over from Friend at Zeneca

Changes are afoot in one of Zeneca's three divisions. While Alan Pink, chief executiva agrochemicals and seeds, and Rodney Brown, chief executive specialities, are still with ICI's former bioscience operations, David Friend, chief executive Zeneca Pharmaceuticals, is taking early retirement.

Friend, 59, is being replaced by David McKillop, Zeneca's Scottish deputy chief executive and international research and development director.

McKillop (left), only 50, has a formidable academic record, gaining the top first in his year at Glasgow, a PhD, and a period at Centre de Mechanique Ondulatoire which is associated with the Sorbonne. He is well respected within the industry.

The Scot emerged from the bowels of ICI into the media spotlight after Hanson, the Anglo-American group, took a stake in the company. Media attention was heightened by ICI's split, which left the pharmaceuticals division as the group's most important earner.

Initially media-shy, he has been a quick learner and has proved increasingly adept at communicating his enthusiasm for tha gronp's development pipeline.

McKillop will be running one of the UK's fourth largest pharmaceuticals groups and the world's 22nd largest, with annual sales last year of nearly £3bn.

That will leave little time for him to improve his golf handicap – he plays off 14; reads books on maths, logic and philosophy, his prefered material, though at present he is reading a brief history of England because he says he knows too little about the country; or watch rugger – he used to be a handy player until a back injury stopped his career.

Green: growing with CWS

Co-operative Wholesale Society, whose retail turnover has grown from £800m to £2bn in three years, has created a new post of chief general manager, to be filled by Allan Green, currently general manager, national buying and marketing.

CWS has expanded its retailing activities beyond its traditional areas of Scotland, Northern Ireland and the south east through a series of mergers with regional societies – including the large Nottingham and North-Eastern societies – and has overtaken the Co-operative Retail Society as the UK's largest co-operative retailer.

Green, 48, joined the CWS in 1990 as food trade manager of the south-eastern retail business. He had previously held positions with Hillards, the supermarket chain later taken over by Tesco, and with Booker, the wholesale and cash-and-carry group.

He moved to CWS head office in Manchester last year to take on the job of centralising the buying and marketing activities across the society in the wake of its regional mergers. Green also played a significant role in creating the Co-operative Retail Trading Group, a buying partnership which harnesses nearly 60 per cent of national Co-op buying power through CWS Retail.

Graen joins Bruca McDougall, existing chief general manager of CWS's specialist retail functions – which include its travel business, opticians, and funeral business. He will be succeeded as general manager of national buying and retail marketing by his deputy David Chambers, who joined the CWS from Poundstretcher last Christmas.

■ David Alexander has been appointed a director of TEXACO Ltd and of Texaco Overseas Tankship; Gillian Steele has been promoted to comptroller of Texaco Ltd.

■ Jeremy Stoke has been appointed md of Caradon Elliott, part of CARADON Plastics.

■ Tim Holderness-Roddam is appointed divisional md of the United Molasses Group, part of TATE & LYLE; Dong Wentworth becomes a divisional director and moves from Four-F Nutrition which has recently been sold.

■ Andrew Duncan, formerly financial director of Euro RSCG, has been appointed financial director and company secretary of JERRY's HOME STORE.

■ Barry Knight has been appointed md of HPG Industrial Coatings, part of HOECHST.

■ Barry Evans has been appointed deputy md, and Alan Thomson, formerly sales director of Rosser & Russell, sales and marketing director, at SIEBE Environmental Systems Europe.

■ John Shaw, formerly international marketing and business development controller at Terry's, has been appointed group marketing director at PORTFOLIO FOODS.

■ David Smales, formerly head of marketing at Northern Rock Building Society, has been appointed marketing director at T. COWIE.

■ Peter Williams, treasurer of COURTAULDS TEXTILES, is to become finance director of its fabrics businesses in continental Europe and the Far East.

■ David Webb, formerly md of Regma (UK), has been appointed md of Dictaphone UK, part of PITNEY BOWES.

■ Rodney Stoyel, md of Inter Forward in the UK, has been appointed divisional director of European logistics.

■ Michael Smith, chief operating officer of ASTEC(BSR), has been appointed a director.

Sir Sydney's true and fair views

The accounting world should be braced for a shake-up in the new year as Sir Sydney Lipworth, QC, takes on the chairmanship of the Financial Reporting Council.

Sir Sydney turns his hand to company accounts after his role as chairman of the tough-minded Monopolies and Mergers Commission from 1988 till April 1993.

He replaces Sir Ron Dearing, the former head of the Post Office Corporation, who is retiring from accounting matters while staying on as head of the Schools Curriculum and Assessment Authority.

Sir Ron had been in the unusual position of attempting to implement his own recommendations, since he chaired the 1988 report which argued for the Council and its two main subsidiaries: the

Accounting Standards Board and the Financial Reporting Review Panel. Asked for his reaction on the first three years, he said: "Thank God it works!"

Sir Sydney, 62, who was selected by representatives from the Department of Trade and Industry and the Bank of England, takes on the job for three years; his tenure may then be renewed.

He is holding fire on his ideas for the new job, but says: "It's a fascinating area and one which one wants to see absolutely right." He wants to see "consistency" in accounts, and a format that "best represents the achievements of the year".

Sir Sydney studied accountancy as part of his first degree in commerce and law at Witwatersrand University in Johannesburg, before coming to the UK in 1965.

He worked for Abbey Life Assurance, and joined Allied Dunbar Assurance, rising to become deputy chairman in 1984. He was also a director of BAT. He is currently deputy chairman of National Westminster Bank and on the board of Carlton Communications.

Axa 1993 results forecast to surpass expectations

By Alice Rawsthorn in Paris

Axa, the second largest French insurance group, is likely to fare better than originally expected in 1993, according to Mr Claude Bébéar, chairman.

Mr Bébéar, at a conference in Paris, said that although the performance of the core French business was "still inadequate", the 1993 results of both the French group and Equitable, its US associate, should surpass expectations.

Axa, like other French insurers, has been affected by the economic recession and also by the precarious state of the property market, which has limited its ability to raise capital through asset sales. It has also been blighted by the poor performance of Equitable in the US.

The group warned this autumn that it did not expect its net profits for 1993 to be much higher than the FFr1.5bn ($257m) it produced in 1992. However Mr Bébéar yesterday indicated that the final result would be higher.

Mr Tim Dawson, European insurance analyst at Lehman Brothers in London, forecasts net profits of FFr1.8bn for Axa in 1993 with further recovery to around FFr2.4bn for 1994.

"Frankly it's always difficult to forecast Axa's results because of its traditional reliance on capital gains," he said. "It's difficult to imagine a significant change on the operating front. The implication of Mr Bébéar's remarks must be that it has made higher capital gains in the final weeks of the year."

● Canal-Plus, the French media group, is launching two new television channels in Spain as part of its strategy of expanding its interests outside France.

The new channels – Minimax for children and Ciné-Classics for classic movies – will be launched on New Year's Eve and will form part of a package of programming for Canal-Plus's Spanish subscribers.

Canal-Plus has for the past few years been building up its international interests by "exporting" the pay-TV service and thematic channels originally developed for the French market into other European countries, notably Spain.

The initial rationale for this expansion was to counter the inevitable slowdown in growth of Canal-Plus's original French pay-TV service, which is now approaching maturity. However, Canal-Plus is also anxious to build up other sources of revenue as it prepares to renegotiate its pay-TV franchise with the French government. The terms of the new franchise are expected to be considerably less favourable than the existing agreement.

As a result, Ganal-Plus is accelerating its expansion plans. Last week it warned that it may face a sharp fall in net profits for 1994.

Viacom chief defends share purchases

By Martin Dickson in New York

Mr Sumner Redstone, chairman of cable company Viacom, which is involved in a takeover battle for Paramount Communications, has issued a strong defence of controversial purchases of his company's stock in recent months.

The move came on the eve of last night's deadline for final bids in the $10bn battle for Paramount.

Mr Redstone's statement appeared designed to reassure the board of Paramount and Wall Street of the value of Viacom's stock, which is likely to form part of a revised bid by the company. Viacom is in a bidding war for Paramount with QVC Network, a television shopping company headed by Mr Barry Diller.

There has been speculation in the US media that the share purchases – some by a private company owned by Mr Redstone and some by an investment firm in which he holds a stake – could have helped bolster Viacom's share price.

However, Viacom said that "rather than inflating the price of Viacom securities, the more legitimate inquiry is whether the repeated, inaccurate and misinformed publication of rumours and innuendo has served the agenda of QVC by damaging the repntation of Viacom's management and by artificially damaging the market price of Viacom stock."

The company added that investments in Viacom by Mr Redstone's private company, National Amusements, had taken place in the period preceding the announced merger with Paramount and they were part of a well-publicised market purchasa programme which had been in effect for six years.

When there was any likelihood of a successful Paramount deal, National had suspended all trading activity, and it had made no purchases since August 20, the date of a Viacom-Peramount meeting which led three weeks later to a merger agreement.

The investment company, WMS Industries, bought stock in Viacom while the takeover battle was in progress, between September 27 and October 22.

However, Viacom said that neither Mr Redstone nor any of his representatives "discussed with WMS or had any knowledge whatsoever of WMS's purchases of Viacom stock or intention to purchase Viacom stock".

It added: "Assumptions made by certain members of the press that Mr Redstone controls or has any influence on the management of WMS are totally inaccurate."

Telekom takes a strategic bet on Matav

Nicholas Denton looks at the $875m winning bid for a stake in Hungarian telecoms

THE BIDDERS FOR MATAV

Consortium	Lead partner	Nationality	US partner	Adviser	Indicative bid ($)	Final bid ($)
MagyarCom	Deutsche Telecom	German	Ameritech	Goldman Sachs	420m-500m	875m
Euro Telecom Hungary	Stet Intl	Italian	Bell Atlantic	JP Morgan	800m-850m	910m
Duna Telecom	France Telecom	French	US West Intl	CSFB	450m-500m	830m

The acquisition by a consortium led by Deutsche Telekom, the German state telecoms company, of 30 per cent of Hungarian operator Matav dwarfs earlier east European privatisations.

Deutsche Telekom and partner Ameritech, the US regional operator, are paying $875m for the stake. To put the figure in context, Hungary's previous largest foreign sale was the $150m purchase by General Electric of the US of 50 per cent of Tungsram, the light bulb producer.

The price paid for Matav, which values the company at $2.92bn and was at the high end of expectations, reflects the fierce competition between the three groups which put in final bids. Stet International, the Italian state group, displayed deep pockets with by far the highest bid in the first round and set a benchmark for the ultimate offers.

Telekom knew that it had to come close to Stet on price and at the same time watch out for the powerful partnership of France Telecom and US West, the regional Bell company, two groups with long involvements in Hungary.

While the three contenders may have egged each other on, executives at each are adamant that they never went beyond an economic valuation of Matav.

The intensity of the bidding war reflects the underlying attractions of Matav to international telecoms companies. "They wanted it incredibly badly," says Mr Michael Phair of NM Rothschild, advisers to the Hungarian government on the transaction.

The enthusiasm shown for Matav was especially striking given the uncertainties that surrounded its privatisation. Telekom's investigation of the Hungarian company's accounts turned up $200m of variation in estimates of indebtedness.

In up to 25 of Hungary's 54 local telephone areas rivals can bid for concessions early next year and Matav risks being left with the least lucrative regions.

Even where conditions are firm, they are not the most generous. The regulatory framework links tariffs to producer prices, which currently lag well behind consumer prices. And the Hungarian state, in contrast to the South American telecoms privatisations, retains control of a majority of shares and the post of chief executive.

Matav also requires a large amount of investment. Even after a vigorous three-year development plan, Hungary has only 1.5m main lines, or 15 for every 100 inhabitants, and over 700,000 are on the waiting list for phones. The government is insisting on 15 per cent line growth annually.

Tremendous suppressed demand for telephone services promises strong growth in basic traffic, in contrast to the stagnation experienced in western markets. But the development plan calls for $4.2bn in capital expenditure to the year 2002.

"The Hungarians are asking a lot, asking a high price, high development and service targets, and not even giving total control," says Mr Paul Grosse, Deutsche Telekom's executive director for international finance.

So what is the attraction? Participants note that Matav is the first telecoms company in eastern Europe to be privatised. Mr Grosse believes that an early entry may open other markets in the region. Industry analysts point out that other countries in the region are looking carefully at the Hungarian experience.

But an acquisition in Hungary probably precludes too much of a commitment to neighbouring countries. Nor, as industrial investors who entered eastern Europe in 1990 can attest, is being first always such a boon. Budapest investment bankers have a motto: "Pioneers get shot".

Investors have drawn much attention to Hungary's potential to act as a regional hub for communications. The theory is that the country in the region which first establishes modern international connections will attract traffic and gain a lasting advantage.

Hungary is well-placed for that role, connected to the Trans-European Line and able to funnel international calls from Romania and Ukraine. Matav has also beaten its Polish counterpart in providing an optical fibre link between western Europe and Moscow.

However, there is doubt about regional hubs. As much as anything the theory was designed to appeal to the Hungarian authorities. Hungary has given up its territorial claims in the Carpathian basin but still hopes for regional economic dominance.

Geography does have something to do with Matav's particular appeal to Telekom. "Telekom wanted this deal, they wanted Hungary, they wanted a success in eastern Europe," says Mr Grosse.

Eastern Europe is a natural hinterland for the German company and Hungary finds it politically more palatable to see German ownership in a strategic company than it would Polish or Czech.

Hungary is also sufficiently distant from Germany to give credibility to Telekom's pledge to develop the country as a regional nexus. But, above all, the price paid for Matav reflects not so much the company's individual virtues as the more general uprating of emerging markets and within them the telecoms sector.

Telecoms investors are betting that at least Poland, the Czech Republic and Hungary will show some of the economic dynamism that has lifted Latin America and South-eastern Asia.

Telekom's bid hinges on a projection that Hungary will pull out of its four-year recession and GDP will grow at an average of 3.5 per cent. With these assumptions, the price is not so out of line. It implies a valuation of nearly $2,000 per line, which is comparable, after adjusting for inflation, with the price paid in Latin American telecoms privatisations.

Dark horse takes wheel at Volvo

By Hugh Carnegy in Stockholm

Mr Bert-Olof Svanholm, the new chairman-designate of Volvo, could hardly have a less public profile than his controversial, headline-grabbing predecessor, Mr Pehr Gyllenhammar.

"Not very well known" or "I don't know too much about him" were typical comments from analysts in Stockholm, who had previously regarded Mr Marcus Storch, the chief executive of Aga, the gas group, as the front-runner for the job. But his relative anonymity was not counting against Mr Svanholm yesterday.

Market reaction – Volvo's most actively traded B shares ended the day up SKr6 at SKr531 – was positive as the appointment was seen as placing a solid industrial figure at the head of an equally heavyweight, industrial board in charge of Sweden's biggest manufacturing group.

Mr Svanholm has been a senior lieutenant to Mr Percy Barnevik, the Swedish chief of Asea Brown Boveri, the Swedish Swiss engineering giant, since 1982 when he became deputy chief executive at the pre-merger Asea.

Since 1988 he has been chief executive of ABB's Swedish operation. In that role he has headed a big productivity drive known as T50, an ambitious project aimed at cutting by 50 per cent the time taken between receiving orders and achieving delivery.

In the meantime, Mr Svanholm has quietly become a stalwart of Sweden's industrial and business establishment. He has been chairman of the Swedish Manufacturer's Association since 1990 and is a vice-chairman of the Federation of Swedish Industry.

Before joining Asea, he held senior posts at Swedish Match and Nitro Nobel. Aged 58, he is a civil engineer by qualification, like so many top Swedish managers. Mr Gyllenhammar, by contrast, arrived at Volvo as chief executive in 1971 after running Skandia, the insurance group.

Mr Svanholm is set to complement the day-to-day leadership of Volvo by Mr Sören Gyll, the chief executive who led the management revolt that ditched the merger agreement with Renault earlier this month.

Mr Gyll was reported yesterday to be very pleased at the nomination of Mr Svanholm. Analysts expect the two men to shift Volvo strategy towards a tighter focus on its core car and truck operations after the often extravagant schemes of Mr Gyllenhammar to diversify Volvo away from vehicle making.

"I think he is on the same wavelength as Sören Gyll," said one analyst. "He fits the market expectation that Volvo will now concentrate on its vehicle business."

Certainly, the contrast with Mr Gyllenhammar will be great. Where "PG" relished the role of prickly outsider, based in Gothenburg, the "second city", Mr Svanholm will be at ease and fully trusted by his Stockholm-based institutional shareholders.

INTERNATIONAL COMPANIES AND FINANCE

Crisis talks under way on Czech national airline

By Patrick Blum in Prague

CRISIS talks between CSA, the Czech national airline, and minority shareholders, Air France and the European Bank for Reconstruction and Development (EBRD), got under way in Prague yesterday.

As they did so a senior Air France official firmly dismissed suggestions in the Czech press that the French company was contemplating withdrawing its investment in CSA.

"There is absolutely no question of Air France pulling out of its participation in CSA. Our investment is a long term investment. What we are doing is holding discussions with the [Czech] government to find solutions to CSA's financial and operational problems," Mr Francois Eldin, Air France vice-president for communications, said yesterday.

Air France, jointly with the Caisse des Depôts, and the EBRD bought 40 per cent of the Czech airline's shareholding capital in 1992. Air France invested $18m, the Caisse des Depôts $12m and the EBRD $30m.

Yesterday's extraordinary meeting of shareholders in Prague was called after a recently published audit by consultants Ernst & Young found the Czech company had been overvalued by some Kcs746m ($25.7m) when it was partially privatised.

The decision to have a new audit was made following talks between Mr Bernard Attali, then Air France's president, and Czech ministers, before the summer.

Air France and the EBRD are asking the Czech government to make up the difference between the two valuations by an equivalent injection of fresh capital into CSA.

But until now, the Czech government, which still owns 49 per cent of the shares through its National Property Fund, an institution established to manage privatisations, and the state's shareholding, has been cool to the idea of providing new finance for the airline which faces mounting losses.

Tunnel builder raises HK$5.2bn

By Louise Lucas in Hong Kong

THE Western Harbour Tunnel Company, which is to build Hong Kong's third harbour tunnel, yesterday signed an agreement with 22 international banks to raise HK$5.2bn (US$673m) over 15 years for construction costs.

The financing, which includes a 15-year term loan and revolving facility, was clinched despite what arrangers Wardley Capital described as tight pricing. Interest will be paid at 1-1.5 per cent above Hibor.

In spite of political uncertainty over the colony's future, companies are increasingly managing to raise finance with pay-back terms straddling 1997, when Hong Kong reverts to Chinese sovereignty.

Mr Calum McKinlay, an executive of Wardley Capital, said: "The project has been approved by both the Chinese representatives of the Joint Liaison Group and the Hong Kong Government, the Executive Council and the Legislative Council (LegCo)."

The sum raised puts the Western Harbour Tunnel Company among the colony's biggest borrowers in the loans market.

The dual three-lane tunnel is due to open in August 1997.

US fund to invest in all levels of corporate capital

By Frank McGurty in New York

CHASE Securities, a division of Chase Manhattan Bank, has joined Crescent Capital, a Los Angeles money management concern, in setting up one of the first US institutional funds to invest in all levels of corporate capital, including bank loans and high-yield securities.

Mr Mark Gold, managing director of the New York office of Crescent Capital, which will manage the fund, said it "provides the portfolio manager with the flexibility to not only identify the companies in which to invest, but also select the most appropriate part of the capital structure in which to invest".

The new limited partnership, Crescent/Mach1 Partners, has raised $530m through the private placement of $400m in class A senior notes and $40m in class B senior subordinated notes, as well as $90m in equity supplied by Chase and other sources.

To generate profits, the fund will function much like a bank, reinvesting the money in financial instruments which bring higher returns than the cost of obtaining the capital.

The loans made to Mach1 carry low interest payments because of the fund's plans to diversify its investments and to maintain minimum credit quality of its assets.

In contrast to funds that invest exclusively in bank loans, Mach1 will buy $300m in non-investment-grade loans, or junk bonds, and $200m in high-yield securities. In addition, it will place some $30m in corporate equity. Mach1's strategy of spreading its investments across a range of financial instruments enhances its potential of generating greater returns than competing funds.

Income falls at A&P in quarter

By Richard Tomkins in New York

The Great Atlantic & Pacific Tea Company, the troubled US supermarket chain better known as A&P, reported a fall in net income from $422,000 to $379,000 in its third quarter ended December 4.

Sales were down from $2.38bn to $2.34bn and net earnings per share were unchanged at 1 cent.

Net income for the first nine months was $23.4m, compared with $30.9m before non-recurring charges or a loss of $149.4m after non-recurring charges.

A&P is controlled by Tengelmann, a German retailing group. Tengelmann acquired a majority stake in the company in 1981 and brought it back from near-bankruptcy. But A&P has come under fire from the New York state employees' pension fund for its recent poor performance.

Mr James Wood, the English chairman and chief executive installed by Tengelmann, said a strike had closed 63 Miracle Food Mart and Ultra Mart stores in Ontario, Canada, on November 19.

He estimated that lost revenue and the costs of closing the stores wiped 6 cents off its third-quarter earnings per share.

Same store sales, excluding the 63 closed stores, were 1 per cent lower than in last year's third quarter and 1.1 per cent lower for the first nine months of the year, he said.

Bombardier launches business jet programme

By Robert Gibbens in Montreal

Bombardier, the international aerospace and transit equipment group, yesterday launched its long-range Global Express business jet programme. The aircraft will have a range up to 6,500 nautical miles, longer than its competitor, the Gulfstream V.

The aircraft's first flight is due in 1996 and it should go into service in 1998. The base selling price will be about US$28m, plus interior fittings.

Its development will cost almost C$1bn (US$747m) and will be shared between Bombardier, BMW Rolls-Royce, the engine builder, and Mitsubishi of Japan, which will build the wings and centre fuselage, and possibly others.

The aircraft is a new design, though Bombardier has benefited from its experience with its regional jet, a 50-seater commuter aircraft.

Bombardier has 30 firm orders, eight short-term options and is negotiating 12 more sales for a total backlog of US$1bn.

A large order from mid-east customers in November helped to swing the decision, and Bombardier sees a total world market of about 800 for such long-range business jets.

IBM delays release of two updated PC models

International Business Machines is delaying the release of two upgraded PS/2 personal computer models due to technical problems, Reuter reports from New York.

"We are informing customers that our PS/2 76 and 77 models will be severely constrained in January and February due to technical problems," a spokesman said.

IBM said that during final stress tests, the new models did not meet its guidelines for reliability. The company added that the problems stemmed from a specialised chip that handles complicated memory tasks.

The models were intended to be launched in January and February. The company would not estimate when the upgraded models would be ready. However, this is the second delay for the launch which was previously stalled last autumn.

IBM said it was increasing production of the 76 and 77 models to meet demand. A spokesman confirmed industry estimates that IBM has sold about 14m of the models since the PS/2 came out in 1987.

Spar buys 221-store chain from Treuhand

By Judy Dempsey in Berlin

SPAR, one of Germany's main retailers, has acquired eastern Germany's former state-run store network from the Treuhand privatisation agency.

The 221 outlets, the largest block sale of retailing outlets by the Treuhand, are likely to consolidate Spar's position in eastern Germany when retailers in the cities are trying to win back consumers from the giant shopping centres built on greenfield sites. The Treuhand would not disclose the selling price.

The outlets were part of the state-owned Handelsorganisation (HO) chain of food and department stores, which totalled 642, and which were placed under the Treuhand in late 1990.

Spar intends to invest more than DM35m ($20.7m) and had already invested DM50m in HO outlets after renting many of them from the Treuhand.

The agency has only recently been able to sell the outlets after resolving outstanding property and restitution claims.

Guide to World Currencies

The FT Guide to World Currencies, previously published on Tuesdays, is now being published on Mondays. In yesterday's paper, it appeared on page 24 in the UK and page 21 overseas. Readers who missed it can obtain a copy by fax. To use this service, dial 0891-437 001 on your fax machine. When the FT fax service answers with an electronic tone, press the start button on your machine and hang up the handset. Calls are charged at 36p/minute cheap rate, 48p/ minute at other times. The service is available in the UK only.

LONDON STOCK EXCHANGE DEALINGS

THE INFORMATION shown on this page, which appears every Saturday, is supplied to the Financial Times by the London Stock Exchange.

Stocks shown are selected by the Stock Exchange from among those companies and securities whose prices do not appear in our daily London Share Service.

The Saturday selection changes frequently, according to the volume of trading in individual stocks registered by the Stock Exchange during the week ending on each Thursday. Thus no dealing takes place in a stock, it will not be included in the following Saturday Dealings page.

CONTRACTS & TENDERS

CONTRACTS & TENDERS

LEGAL NOTICES

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVER

CYGNET (FOX'S) LIMITED

(IN ADMINISTRATIVE RECEIVERSHIP)

Registered Number: 2770636. Former Company Names: Express Contract Limited. Trading Name(s): Fox's The Cage. Nature of Business: Licenced Night Club. Trade Classification: Licenced Premises. Date of Appointment of Administrative Receivers: 13 December 1993. Name of Person Appointing the Administrative Receivers: Carlsberg-Tetley Brewing Limited. Names of Appointees: Andrew Michael Menzies and James Kenneth Rees Jones.

Office Holder Numbers: 0/006053/01 & 0/004596/01

Address of Appointees: Robson Rhodes, Centre City Tower, 7 Hill Street, Birmingham B5 4UU

In the High Court of Justice Chancery Division No: 010191 of 1993

IN THE MATTER OF RENAULT GROUP UK LIMITED

and

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 13th day of December 1993 confirming the cancellation of the Share Premium Account of the above named Company being £51,130,700 was registered by the Registrar of Companies on the 16th day of December 1993.

DATED this the 21st day of December 1993

Lovell White Durrant
65 Holborn Viaduct, London EC1A 2DY
Ref: A2/NHP/JTH/JC
Solicitors for the above named Company

هكذا من الأصل

INTERNATIONAL CAPITAL MARKETS

GECC injects life into quiet C$ sector

By Antonia Sharpe

ACTIVITY in the Eurobond market was quiet in the run-up to Christmas yesterday, apart from a last-minute attempt by Wood Gundy to narrow the gap with ScotiaMcLeod in the Canadian dollar sector.

INTERNATIONAL BONDS

ScotiaMcLeod, which has lead-managed C$5.3bn worth of Canadian dollar-denominated Eurobond and global bond offerings this year, has wrested the number one slot from Wood Gundy.

Before yesterday's C$125m offering for GECC, Wood Gundy had underwritten just over C$5bn worth of business.

GECC's Eurobonds, which had a maturity of just under six years, were priced to yield 15 basis points over Canadian Treasuries.

Wood Gundy said the yield spread on the bonds was comparable to or slightly more generous than spreads on GECC's outstanding Canadian dollar paper.

When the bonds were freed to trade, the spread narrowed slightly to 14 basis points.

Wood Gundy added that the borrower wanted to raise funds with a maturity of more than five years where its funding targets were less aggressive. The bonds appealed mainly to investors in Switzerland and the Benelux where GECC has a strong following.

Elsewhere, European Sovereign Investments, a bond-arbitrage company based in Luxembourg, launched a SFr150m issue of three-year floating-rate notes which are secured by European Union government bonds.

Lead manager Credit Suisse said the notes, which carry a coupon equal to six-month Libor, were targeted at money-market and short-term funds. The notes had an issue price of 100.50 and in the early afternoon they were quoted at less 0.60 bid, which Credit Suisse said was inside undisclosed fees.

● Credit Suisse has set up a $1.5bn Euro-medium term note programme which will be used as a shelf for the bank's future public and private borrowings in the Eurobond market. Credit Suisse is expected to start using the programme in the new year.

The programme, which was signed late last week, was arranged by CS First Boston, CSFB Effectenbank AG and CS First Boston France SA.

The notes can be issued for any maturity between one month and 30 years and in a broad range of currencies.

● NatWest Capital Markets and N M Rothschild have arranged a £150m five-year credit facility for T&N, the UK motor components and engineering group.

The annual margin on the syndicated revolving facility is 47.50 basis points over Libor for the first three years and 50 basis points over Libor for the last two years.

The participation fee for managers is 12.50 basis points and 7.50 basis points for participants.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Subic Power Corp.(a)	105	(a)	(a)R	Dec.2006		(a) (7½%-01)	Bear Stearns Intl.
Sanwa Finance Australia‡	50	(b)	100.00	Jan.2004	0.30	-	Sanwa International
CANADIAN DOLLARS							
General Electric Cap.Corp.(c)	125	6.00	99.70R	Dec.1999	0.275R	+15 (5¾%-99)	Wood Gundy
SWISS FRANCS							
European Sovereign Invests.+‡	150	(d)	100.50	Jan.1997	-	-	Credit Suisse

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. +Private placement. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Priced later at 375-400bp over Treasuries. Amortising issue: average life 8 years. b) Coupon: 6-month Libor to 21/1/97 and 6% fixed annual thereafter. Callable on any interest payment date from 21/1/97 at par. c) Short 1st coupon. d) Coupon: 6-month Libor flat.

Italy rallies on hopes of cut in interest rates

By Sara Webb in London and Frank McGurty in New York

Italian government bonds rallied strongly on hopes of an interest rate cut following the approval of the 1994 budget by the Chamber of Deputies over the weekend.

GOVERNMENT BONDS

With the budget expected to be passed by the senate, market participants believe that the Bank of Italy may cut its discount rate soon, adding that such a move would be more likely if the next set of CPI figures showed that inflation was holding steady.

Among the other high-yielding European government bond markets, Spain rallied on the back of strong foreign interest rather than any particular domestic factors.

■ UK government bonds kicked off on a strong note, but profit-taking dragged the gilts down and the market closed generally lower on the day.

Much of the economic data released yesterday was in line with market expectations, according to Mr Jonathan Davies, economist at UBS.

However, he added that the fall in the savings ratio was taken to mean that the chance of an imminent interest rate cut had diminished.

Dealers said the moves were exaggerated given the thin pre-Christmas volume.

■ Japanese government bonds continued to climb to new highs on the combination of stock market weakness, political uncertainty, and strong hopes of a big cut in interest rates, dealers said.

The futures contract, which opened at 116.16 in Tokyo, reached a new all-time high of 117.05 in the London trading session yesterday, having closed at 116.90 in Japan.

Market hopes of a cut in interest rates were refuelled after a news report at the weekend suggested that one of the coalition parties had proposed lowering the discount rate – currently at 1.75 per cent – to between zero and 0.5 per cent.

The Nikkei stock index tumbled 647.67 points, the largest one-day drop this year, to end at 17,404.24, adding to market expectations of an easing.

The Ministry of Finance postponed its auction of 10-year bonds which had been expected today until early next year and said it was considering offering 20-year government bonds today.

The MOF is expected to offer Y300bn-Y400bn of 20-year bonds instead of the Y1,000bn 10-year bonds that were expected.

■ US bond prices softened yesterday morning in thin trading ahead of today's Federal Reserve policy-making session and the Treasury's auction of two-year and five-year notes.

By midday, the benchmark 30-year government bond was ⅜ lower at 99 13/32, with the yield rising to 6.289 per cent. At the short end, the two-year note was off 1/32 at 100 1/32, to yield 4.181 per cent.

With no fresh macroeconomic guidance and conflicting trends in commodity prices, the market moved lower in light pre-holiday activity.

Traders were concerned about the prospects of the Federal Open Market Committee taking the first step towards raising short-term interest rates when the panel meets today in Washington. It is widely expected the FOMC will shift its stance from neutral to a bias towards tighter money.

At the short end, the market faces an influx of notes at a time when most big institutional investors have locked up their positions for the year.

The Treasury will auction a $17bn auction of two-year notes today and $11bn in five-year notes on Wednesday. Technical factors exacerbated the selling pressure ahead of the increased supply.

Gloom lifts Tokyo bonds

Yields are at six-year lows, writes Emiko Terazono

Mounting gloom over the Japanese economy, poor corporate earnings, a weak stock market, and a high yen have contributed to active buying of the Japanese bond market this year, pushing long bond yields down to six-year lows.

Although the strengthening of the yen seems to have run its course, a further deterioration of the economy is likely to continue to support the bond market rally. Some analysts predict the yield on the No 157 benchmark bond will fall below 2.55 per cent, a record low reached in 1987.

Source: Datastream

The 10-year bond rallied at the start of the year, but suffered a brief relapse in April and May, as hopes of an imminent economic recovery were raised by good economic figures. However, the increases in output and sales were a result of window dressing ahead of the March fiscal year end, and the bond market resumed its rally in June.

The announcement by the coalition government of a Y6,150bn spending package and a cut in the official discount rate to a record low of 1.75 per cent in September failed to lift confidence.

While some institutional investors, wary of high prices in the bond market, started to take profits, the chronic weakness of the stock market has kept many investors from liquidating their holdings.

Fears over the worsening economy and lower corporate profits pushed the Tokyo stock market to a year's low last month, prompting the Bank of Japan to increase liquidity in the money markets.

The rise in demand for bonds has been partly due to the popularity of money management funds, offered by brokers as a relatively safe product which invests in short-term money market and corporate and government bonds.

The outstanding balance of MMFs, which offer higher yields than bank deposits, rose above the Y10,000bn mark in October, as retail and corporate investors shifted from bank deposits to MMFs.

Large purchases of 20-year government bonds by US hedge funds, betting on a flattening of the yield curve, have led to lower long-term interest rates. Many fund managers saw the 20-year bonds, which in the past have experienced little activity, as underpriced compared to 10-year bonds.

On the corporate bond market, an increasing number of companies raised funds, attracted by the low interest rates. Japanese companies raised Y3,024bn during the first 10 months of the year, up 19.2 per cent from the same period last year. An easing of eligibility restrictions also helped lift issuance.

Lower underwriting costs due to increased competition has helped. The entry of bank subsidiaries into the underwriting business has led to aggressive discounting of underwriting fees. For example, the Big Four brokers, Nomura, Daiwa, Nikko, and Yamaichi, recently resigned from the underwriting syndication for Kobe Steel bonds in protest at the discounts offered by the bank affiliated houses.

However, the illiquid secondary market is still causing inefficient pricing, including the lack of price differentiation according to credit ratings.

This has affected Japan's samurai bond market for foreign borrowers. Since cost differences between issuers with high credit ratings and low ratings are smaller than in other markets, issuers with triple-A ratings opt for the Eurobond market, while issuers with low credit ratings have piled in. "Japan's samurai market is turning into a junk bond market," laments an analyst.

In the coming year, analysts expect yields in the government bond market to be supported by bad news on the economy. Mr Kazuo Tamayama, director at Yasuda Kasai Brinson Investment Management, points out that consumption will be the key to bond market movements.

The recent trend among Japanese consumers to buy products at discount prices points to lower corporate profit margins. "Consumers taking the leadership role in determining prices means a further fall in corporate earnings and lower interest rates," he says.

Mr Marshall Gittler, bond analyst at Merrill Lynch in Tokyo, is bullish about bonds and expects the 10-year benchmark to breach 2.55 per cent.

Ms Tomoko Fujii, economist at Salomon Brothers in Tokyo, is more conservative. She expects bond prices to peak in February, and predicts a shift of sentiment after a cut in the official discount rate around February or March.

This is the first in a series of articles on aspects of the international capital markets, examining the prospects for next year and looking back at 1993.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/02	122.1800	+0.730	8.84	6.74	6.85
Belgium		0.000	03/03	116.5000	+0.520	8.56	6.59	6.88
Canada *		7.500	12/03	105.4000	-0.050	8.74	6.77	8.97
Denmark		8.000	05/03	112.3700	+0.150	6.22	6.21	5.84
France	BTAN	8.500	05/98	109.7500	+0.220	5.12	6.06	6.08
	OAT	6.750	10/03	107.3100	+0.170	5.77	5.85	5.98
Germany		6.000	08/03	102.4900	+0.320	5.66	5.73	5.86
Italy		9.000	10/03	101.9400	-0.130	6.70†	6.72	9.40
Japan	No 110	4.800	08/99	111.1200	-0.070	2.50	2.47	2.06
	No 157	4.600	06/03	109.6200	-0.170	3.18	3.15	3.50
Netherlands		8.500	04/03	105.8000	+0.210	5.68	5.89	5.82
Spain		10.500	10/03	114.3500	+0.200	8.30	8.32	8.51
UK Gilts		9.750	01/98	114-19	-4/32	5.84	5.82	8.13
		8.000	06/03	112-28	+2/32	6.18	8.32	6.75
		9.000	10/08	123-28	-3/32	6.47	6.56	7.10
US Treasury *		5.750	08/03	99-19	-6/32	5.80	5.75	5.85
		6.250	08/23	99-13	-6/32	6.29	6.24	6.34
ECU (French Govt)		6.000	04/03	113.4000	+0.560	6.07	6.05	6.30

London closing, *New York mid-day. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	125.64	125.78	+0.20	125.80	125.64	4,420	47,101
Mar	129.86	129.98	+0.22	130.00	123.84	73,632	123,790
Jun	129.32	129.48	+0.22	129.40	129.32	26	3,079

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Jan	Calls Mar	Calls Jun	Puts Jan	Puts Mar	Puts Jun
125	-	-	-	-	0.06	0.29
126	-	-	-	-	0.11	-
127	-	3.12	-	-	0.19	-
128	2.00	2.29	-	0.02	0.34	-
129	1.04	1.53	-	0.05	0.59	-
130	0.30	0.95	-	0.33	0.97	-

Est. vol. total, Calls 15,132 Puts 8,157. Previous day's open int., Calls 218,560 Puts 202,746.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.67	100.78	+0.16	100.82	100.67	28132	141158
Jun	100.66	100.66	+0.13	100.68	100.66	20	1158

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
10050	0.82	1.14	0.58	0.98
10100	0.57	0.01	0.81	1.25
10150	0.38	0.71	1.12	1.55

Est. vol. total, Calls 3351 Puts 4978. Previous day's open int., Calls 168846 Puts 93443

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	103.23	103.24	+0.05	103.29	103.23	153	11350

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	117.40	118.16	+0.97	118.40	117.39	22049	84225
Jun	117.48	118.06	+0.87	117.58	117.48	8	183

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11800	1.87	2.81	1.71	2.75
11850	1.60	2.58	1.94	3.02
11900	1.37	2.35	2.21	3.29

Est. vol. total, Calls 1865 Puts 1260. Previous day's open int., Calls 37205 Puts 37066

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	103.96	104.52	+0.65	104.60	103.96	15,351	72,034
Jun	104.07	103.78	+0.71	104.49	104.07	120	7,442

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	121-01	120-17	-0-03	121-01	120-13	98	5130
Mar	120-01	119-24	-0-03	120-11	119-17	37136	110369
Jun	119-04	119-01	-0-03	119-04	119-04	10	69

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
119	1-47	2-10	0-63	2-08
120	1-13	1-44	1-29	2-42
121	0-50	1-20	2-02	3-18

Est. vol. total, Calls 19599 Puts 4133. Previous day's open int., Calls 64956 Puts 37674

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	121.56	121.66	+0.16	121.84	121.56	494	2,785
Mar	120.88	121.02	+0.19	121.06	120.88	738	11,502

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	116-04	115-21	-0-11	116-05	115-21	10,980	40,738
Mar	114-27	114-14	-0-09	114-30	114-12	170,782	263,018
Jun	113-25	113-12	-0-04	113-27	113-12	747	11,831
Sep	112-18	112-12	-0-07	112-18	112-14	875	16,270

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	116.90	-	-	117.05	116.30	1304	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Dec 20	Day's change %	Fri Dec 17	Accrued interest	xd adj. ytd		Low coupon yield Dec 20	Dec 17	Yr. ago	Medium coupon yield Dec 20	Dec 17	Yr. ago	High coupon yield Dec 20	Dec 17	Yr. ago
1 Up to 5 years (25)	123.94	-0.03	130.30	1.66	11.35	5 yrs	5.80	5.81	7.26	5.82	5.82	7.61	5.90	5.89	7.84
2 5-15 years (22)	162.97	+0.11	162.79	1.85	12.85	15 yrs	6.33	6.35	8.26	6.46	6.47	8.69	6.67	6.68	8.96
3 Over 15 years (8)	190.73	+0.02	190.87	2.73	11.38	20 yrs	8.45	6.46	8.51	8.51	6.51	8.85	6.69	8.70	9.06
4 Irredeemables (6)	227.66	+0.18	227.26	1.79	13.71	Irred.†	6.60	6.61	8.92						
5 All stocks (61)	157.69	+0.05	157.76	1.94	12.24										

Index-linked							Inflation 5% Dec 20	Dec 17	Yr. ago	Inflation 10% Dec 20	Dec 17	Yr. ago
6 Up to 5 years (2)	191.97	-0.05	192.07	1.08	4.26	Up to 5 yrs	1.94	1.91	2.56	1.05	1.03	1.71
7 Over 5 years (11)	191.38	-0.07	191.87	0.56	5.24	Over 5 yrs	2.93	2.93	3.96	2.76	2.74	3.77
8 All stocks (13)	190.51	-0.07	190.95	0.61	5.12							

Debentures and Loans						5 year yield Dec 20	Dec 17	Yr. ago	15 year yield Dec 20	Dec 17	Yr. ago	25 year yield Dec 20	Dec 17	Yr. ago
9 Debs & Loans (65)	151.96	+0.31*	151.50	2.09	11.19	7.20	7.23	9.00	7.52	7.54	9.82	7.65	7.66	10.09

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Dec 20	Dec 17	Dec 16	Dec 15	Dec 14	Yr ago	High*	Low*
Govt. Secs. (UK)	107.16	107.16	106.97	106.69	106.82	93.54	107.19	93.28
Fixed Interest	131.15	130.96	130.49	130.35	130.24	109.05	131.16	108.97

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 131.15 (20/12/93), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13
Gilt Edged bargains	86.0	96.1	115.7	92.9	83.8
5-day average	94.7	98.2	100.8	102.0	104.8

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:55 pm on December 20

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	100⅛	100⅝	-⅛	6.44
Alberta Province 9⅜ 96	600	109½	109⅞	-⅛	4.47
Austria 8½ 00	400	113⅞	114⅛		5.76
Bank of Tokyo 8⅜ 96	198	106⅞	107⅛	-¼	5.09
Belgium 9⅝ 98	250	116⅛	116½	-⅛	5.51
BFCE 7¾ 97	130	107⅞	108¼	-⅛	5.08
British Gas 0 21	1500	13	13⅛		7.58
Canada 9 96	1000	109	109⅜	-⅛	4.57
CCCE 9¼ 96	300	108	108⅜		3.99
Cheung Kong Fin 5½ 98	500	97	97⅜	-⅛	6.24
Council Europe 8 98	100	107⅞	107⅞	-⅛	4.92
Credit Foncier 9½ 99	300	117	117⅜		5.62
Denmark 9¼ 96	1571	106⅛	106⅜		4.10
ECSC 8¼ 96	193	108⅝	109¼	+⅛	4.98
EEC 8¼ 96	100	107⅞	108⅜	+⅛	4.81
EIB 7¾ 98	250	106⅛	107⅛		4.98
EIB 9¼ 97	1000	113⅞	114⅛	-⅛	5.28
Elec de France 9 98	200	113⅛	113⅜	-⅛	5.43
Eurofima 9¼ 98	100	109⅛	109⅞	-⅛	4.70
Ex-Im Bank Japan 8 02	500	111½	111⅞	-⅛	6.20
Export Dev Corp 9½ 98	150	115½	116		5.55
Finland 7⅞ 97	200	107¼	107⅞	-⅛	5.28
Finnish Export 9⅜ 95	200	108½	108⅞		4.47
Ford Motor Credit 6¼ 99	1500	102¼	102⅝		5.72
Gen Elec Capital 9⅜ 96	200	110⅛	110⅜		4.89
GMAC 9⅛ 96	200	107⅞	108½	-⅛	5.27
Ind Bk Japan Fin 7⅞ 97	200	107¼	107⅞	+⅛	5.42
Inter Amer Dev 7⅛ 96	200	107⅛	107½		4.78
Italy 6⅞ 23	3500	94½	94⅞	-⅛	7.46
Japan Dev Bk 8⅜ 01	500	115⅝	114	-⅛	5.97
Korea Elec Pwr 10 96	350	110⅞	111¼	-⅛	4.92
LTCB Fin 8 07	200	106⅞	107½	+⅛	6.50
Matsushita Elec 7¼ 03	1000	105½	105⅞	-⅛	6.51
Nippon Cred Bk 10⅛ 98	150	106	106⅝	-⅛	4.85
Nippon Tel Tel 9⅜ 96	200	105⅞	106¼	-⅛	4.23
Norway 7¼ 97	1000	106½	106⅞	-⅛	5.08
Ontario 7⅛ 03	3000	106⅛	106½	-⅛	6.58
Oster Kontrollbank 8½ 01	200	114½	114⅞		5.98
Petro-Canada 7¼ 96	200	105⅛	105⅞		4.86
Portugal 6¼ 98	1000	95⅞	98⅛		6.42
Quebec Hydro 9¼ 98	150	115⅝	116	-⅛	5.94
Quebec Prov 9 98	200	111⅞	112⅜	+⅛	5.79
Sainsbury 9¼ 98	150	110⅛	110½		6.11
SAS 10 96	200	113½	114½	+⅛	6.81
SBAB 9½ 96	500	107⅛	107½		4.27
SNCF 9½ 98	150	115⅞	116⅛	+⅛	5.50
Spain 6½ 99	1500	103⅞	103⅞	-⅛	5.74
State Bk NSW 8½ 96	200	107⅞	108⅜		5.06
Sweden 6½ 98	2000	102	102¼		4.40
Swedish Export 8¼ 96	700	107⅝	108		4.78
Tokyo Elec Power 8⅜ 96	300	109⅛	109¼		4.91
Tokyo Metropolis 8¼ 96	200	108⅞	109¼		4.87
Toyota Motor 5⅝ 98	1500	100⅝	100⅞		5.45
United Kingdom 7¼ 02	3000	107⅞	107⅝	-⅛	6.16
World Bank 8⅜ 99	1500	113⅞	114⅛		5.61
World Bank 8¼ 07	1500	111½	111⅛	-⅛	4.88
DEUTSCHE MARK STRAIGHTS					
Austria 5⅞ 97	500	102¼	102¾		5.09
Belgium 7¼ 02	500	110	110½	-¼	6.15
Credit Foncier 7¼ 96	2000	106⅞	107⅛		6.24
Denmark 6⅛ 98	2000	103⅛	103⅜	+⅛	5.28
Deutsche Finance 7½ 98	1000	102⅛	102½		5.20
ECSC 8⅜ 98	700	109⅛	109⅜		5.17
EEC 6½ 00	2900	105⅞	105⅛	+⅛	5.48
EIB 7½ 99	400	110⅞	111⅛	-⅛	6.35
Finland 7½ 00	3000	108⅞	108½		5.83
Ireland 7¼ 03	500	109⅜	109⅝		6.33
Italy 7¼ 98	5000	108¼	108⅛	+⅛	5.51
Spain 7¼ 03	4000	107¼	107⅜		6.19
Sweden 8 97	2500	109	109⅜		5.36
Tokyo Elec Power 7⅞ 02	1000	109⅛	109½		6.25

	Issued	Bid	Offer	Chg.	Yield
United Kingdom 7⅛ 97	5500	106⅞	108⅞	-⅛	6.25
Volkswagen Intl Fin 7 03	1000	102⅞	103¼	+⅛	6.57
World Bank 0 15	2000	27⅞	28⅛		5.98
World Bank 5¼ 99	300	102¼	102⅝	+⅛	4.68
World Bank 8⅜ 00	1250	117⅞	118		5.36
SWISS FRANC STRAIGHTS					
Asian Dev Bank 6 10	100	115	115½		4.88
Austria 4½ 00	1000	103⅜	103⅝		3.87
Council Europe 4½ 99	250	103½	104	+¼	3.82
EIB 6¼ 04	300	114½			4.98
Elec de France 7¼ 06	100	117	117⅜	+⅛	5.30
Finland 7¼ 99	300	114½	115		4.36
General Motors 7½ 96	100	103½	104		4.62
Hyundai Motor Fin 8½ 97	100	109¼		+¼	5.86
Iceland 7⅞ 00	100	118	118½		4.74
Kobe 6⅜ 01	240	112	112½		4.47
Ontario 6¼ 00	400	110⅞	111	-⅛	4.77
Quebec Hydro 5 08	100	100	101		5.00
SNCF 7 04	450	119½	120		4.66
World Bank 5 03	150	103½	104½	+½	4.54
World Bank 7 01	600	116½	116⅞	+⅛	4.29
YEN STRAIGHTS					
Belgium 5 99	75000	108½	108⅞	+⅛	3.23
Denmark 7 95	40000	105⅞	105⅝	+⅛	2.05
EIB 6⅝ 00	100000	118⅞	119	+⅛	3.25
Elec de France 5⅝ 96	20000	108⅞	109¼	+¼	2.40
Finland 6¾ 96	50000	109⅞	110	+⅛	2.28
Inter Amer Dev 7¼ 00	30000	122⅞	123⅛	+½	3.23
Japan Dev Bk 5 99	100000	110⅞	110⅞	+⅛	2.97
Japan Dev Bk 6½ 01	120000	120⅞	120½	+½	3.46
Nippon Tel Tel 5⅞ 99	50000	109½	109⅞	+⅛	2.28
Norway 5½ 95	50000	103¾	104		2.13
SNCF 6¼ 00	30000	119¾	119½	+⅛	3.27
Sweden 5⅛ 95	30000	106⅛	105⅝	+⅛	2.05
World Bank 6⅜ 00	30000	119½	119¾	+⅛	3.24
OTHER STRAIGHTS					
Arbed 7½ 98 LFr	500	99½	100½		7.80
Cortinance Lux 8⅝ 99 LFr	1000	107½	109½		7.35
World Bank 8 96 LFr	1000	102	103	+½	7.01
Bank Voor Ned Gem 7⅝ 02 Fl	1000	109¼	109⅞	-¼	6.25
Energie Beheer 6¼ 98 Fl	500	112⅞	113⅛		5.68
Alberta Province 10⅝ 96 C$	500	110¼	110⅞	-⅛	5.43
Bell Canada 10⅝ 99 C$	150	116	116⅞	+⅛	7.03
British Columbia 10 96 C$	500	110	110⅝	-⅛	5.30
EIB 10⅛ 98 C$	130	114⅛	114⅞	-⅛	6.21
Elec de France 9¾ 99 C$	275	114⅛	114⅝	-⅛	6.68
Gen Elec Capital 10 96 C$	300	109⅝	110⅛		5.69
KfW Int Fin 10 01 C$	400	118⅞	118⅞	+⅛	7.02
Nippon Tel Tel 10¼ 99 C$	200	118⅛	116¼	+⅛	6.80
Ontario 8 98 C$	1500	104⅞	104⅞		7.48
Ontario Hydro 10⅞ 99 C$	500	117⅞	118⅛		6.72
Oster Kontrollbank 10¼ 99 C$	150	116¼	116⅞		6.66
Quebec Prov 10½ 98 C$	200	115¾	116⅛		6.85
Belgium 9⅛ 96 Ecu	1250	107⅛	107⅜		5.63
Council Europe 8 01 Ecu	1100	117¼	117⅝	+¼	6.17
Credit Lyonnais 0 96 Ecu	125	106⅝	107¼	+½	5.92
EIB 10 97 Ecu	1125	112⅜	112⅝		5.59
Ferro del Stat 10⅛ 98 Ecu	500	113⅝	114¼	-⅛	6.21
Italy 10⅝ 98 Ecu	1000	122½	122⅞	+⅛	6.31
Spain 9 98 Ecu	1000	107⅞	107⅝		5.83
United Kingdom 9⅛ 01 Ecu	2750	117⅛	117⅞	+⅛	6.60
AIDC 10 99 A$	100	114⅛	114¼	+½	6.79
BP America 12¼ 98 A$	100	112⅛	112⅝	+⅛	6.18
Comm Bk Australia 13¼ 99 A$	100	132	132½	+⅛	6.82
Eksportfinans 12⅛ 98 A$	75	109¼	109⅝	+⅛	5.50
McDonalds Canada 15 95 A$	109	113½	113⅞	+¼	5.45
NSW Treasury Zero 0 20 A$	1000	14¼	14½	+¼	7.50
R & I Bank 7¾ 03 A$	135	103⅛	103½	+¼	7.27
Sth Aust Govt Fin 9 96 A$	150	110¼	110⅜	+½	7.38
Unilever Australia 12 98 A$	150	119⅛	119⅞	+⅛	6.66

	Issued	Bid	Offer	Chg.	Yield
Alliance Leics 11⅜ 97 £	100	116	116½	-⅛	5.96
British Gas 12¼ 95 £	300	108¼	108½		5.23
British Land 12½ 16 £	150	142	142½	-½	8.50
EIB 10 97 £	637	112⅛	112⅜	-⅛	5.64
Halifax 10⅜ 97 £	100	113	113⅜	-⅛	5.79
Hanson 10⅛ 97 £	600	113½	113⅞		6.29
HSBC Holdings 11.69 02 £	153	125½	126		7.54
Italy 10½ 14 £	400	130⅛	131⅛	-⅛	7.50
Japan Dev Bk 7 00 £	200	105⅛	105½		6.06
Land Secs 9½ 07 £	200	116⅛	118⅜	-⅛	7.52
Ontario 11⅛ 01 £	100	123⅞	124⅛		6.81
Powergen 8⅞ 03 £	250	113⅝	114	+⅛	6.83
Severn Trent 11½ 99 £	150	122¼	122⅝	-⅛	6.67
Tokyo Elec Power 11 01 £	150	125⅜	125⅝		6.57
World Bank 11¼ 95 £	100	107⅛	108¼		5.32
Abbey National 0 96 NZ$	100	84⅛	85⅛		6.38
TCNZ Fin 9¼ 02 NZ$	75	114⅞	115⅜	-¼	6.89
CEPME 10 95 FFr	2000	106⅜	106⅝	+⅛	5.64
Elec de France 8¾ 22 FFr	3000	124½	125	+⅛	6.78
SNCF 9¼ 97 FFr	4000	111⅜	111½	+⅛	5.47

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
Banco Roma 0 99	200	99.50	99.71	3.1875
Belgium 1/16 97 DM	500	99.96	100.07	6.4375
BFCE -0.02 98	350	99.81	99.93	3.4175
Britannia 0.10 96 £	150	99.85	99.95	5.7875
CCCE 0 06 Ecu	200	98.70	98.93	6.6406
Citicorp Bkg ¼ 96	400	100.00	100.36	6.2500
Credit Lyonnais 1/16 96	300	99.32	100.48	5.0000
Denmark -⅛ 99	1000	99.54	99.64	3.1875
Dresdner Finance 1/16 98 DM	1000	99.94	100.06	6.5078
Elec de France ⅛ 99	400	101.40	102.27	5.2500
Ferro del Stat 0.10 97	420	99.73	99.95	3.2250
Finland 0 97	1000	99.97	100.06	3.5000
Halifax BS 1/16 96 £	350	99.95	100.02	5.8750
Ireland 0 98	300	99.72	99.84	3.4400
Italy ⅛ 98	2000	100.40	100.47	3.4375
Leeds Permanent ⅛ 96 £	200	99.95	100.05	6.0625
Lloyds Bank Perp S 0.10	600	83.14	84.81	3.5375
Malaysia 1/16 05	650	100.02	100.36	5.2500
Nationwide 0.08 98 £	300	99.78	99.91	5.5175
New Zealand ⅛ 98	250	99.98	100.11	3.4590
Renfe 0 98	300	99.40	99.51	3.3750
Societe Generale 0 98	300	99.58	99.73	3.2812
Staatsbank Berlin -0.05 98 DM	6000	99.98	100.06	6.6963
State Bk Victoria 0.05 08	125	99.51	99.74	3.5500
Sweden 0 96	1500	100.12	100.10	3.5000
United Kingdom -⅛ 98	4000	99.81	99.88	2.9375

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
Browning-Ferris 6¾ 05	400	52½	100¼	101⅛	+94.03
Chubb Capital 6 98	250	88	107⅛	108¼	+17.30
Eastman Kodak 6⅜ 01	300	50.67	110¼	111½	+1.11
Gold Kalgoorlie 7½ 00	65	1.0554	112⅛	113½	+40.79
Hanson 9½ 06 £	600	2.5875	124⅞	125⅝	+17.71
Hawley Pref 8 02	400	19.1	134	135⅛	
Land Secs 6¾ 02 £	84	6.72	116⅛	117½	-1.63
Lasmo 7¾ 05 £	90	5.64	90½	91½	
Mitsui Bank 2⅝ 03	200	2332.6	92⅛	94¼	+19.71
Mount Isa Fin 6½ 97	100	2.283	100⅞	101⅞	+36.15
Natl Power 6¼ 98 £	250	4.33	123½	124⅞	+14.02
Ogden 6 02	85	39.077	95⅛	96⅛	+64.30
Smith Nephew 4 02 £	90	1.775	132½	133½	+59.99
Sumitomo Bank 3⅛ 04	300	3606.9	86	87¼	+28.00
Sun Alliance 7¼ 08 £	155	3.9	116¼	117	+30.90
Tesco Capital 9 98 £	200	2.51	121⅝	122½	+38.76
Texas Instruments 2¾ 02	200	82⅞	100	100⅞	+36.7

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1993 High	1993 Low
"Shorts" (Lives up to Five Years)						
Treas 5½pc 1994	5.47	5.42	100⅛	—	102⅛	100⅛
14½pc 1994‡‡	14.24	5.70	101⅞	—	108¼	101⅞
Exch 13½pc 1994	13.12	5.04	102⅞	—	109⅝	102⅞
Treas 10pc Ln 1994‡‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sec 2003‡‡	1.08	6.18	112⅞	+⅛	113⅛	97⅞
10pc 2003	7.90	6.31	138⅛	+⅛	138⅞	103⅝
Treas 11½pc 2001-4	8.90	6.41	129¼	+⅛	129⅞	116⅞
Funding 3½pc '99-4	4.09	5.32	85½xd	+⅛	85⅞	67⅞
Conversion 9½pc 2004	7.62	6.31	124⅞	+⅛	125⅛	105⅞

Index-Linked (b)	Notes	Yield (1)	Yield (2)	Price £	+ or -	1993 High	1993 Low
Treas. 2pc '94	(102.9)	-	-	136⅜	—	136⅜	131⅝
2pc '96	(67.9)	0.80	1.80	203⅞	-⅛	204½	184⅞
4⅝pc '98‡‡	(135.6)	1.11	1.81	113⅞	-⅛	113⅞	105⅝
2½pc '01	(78.3)	2.16	2.55	175⅛	-⅛	175⅞	158

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1993: 140.6 and for November 1993: 141.6.

Other Fixed Interest

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

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COMPANY NEWS: UK

Flurry in share price prompts TSB statement

By John Gapper, Banking Editor

TSB Group last night indicated that it had abandoned attempts to sell its merchant banking and fund management subsidiary Hill Samuel after failing to attract tha price which senior executives had required.

TSB issued a statement saying that Hill Samuel was "not for sale" after strong activity in its shares was prompted by a report that it intended to keep Hill Samuel, and separate speculation that it might become a takeover target.

Mr Peter Ellwood, chief executive, said Hill Samuel was "an important part of the TSB Group, and we are investing in its future". He said he bad issued a statement to clarify the question of ownership after "speculation in the press".

The activity came after a report in The Sunday Telegrapb whicb said TSB bad decided to hold on to Hill Samuel under its new management after unsuccessful discussions with potential purchasers held by its adviser Morgan Stanley.

TSB never said publicly that Hill Samuel was for sale, but Sir Nicholas Goodison, TSB chairman, indicated last year that it would accept an offer that benefited shareholders.

The bank originally wanted to divest Hill Samuel, which made substantial losses from poor commercial lending in the 1980s, because of its strategy of concentrating on retail banking and insurance businesses.

However, Hill Samuel is thought to have performed well this year after its poor loans were transferred to a separate "loan administration unit" holding £1.6bn of net debt. Its continuing business made a £53m interim profit.

Although TSB is thought to have considered selling the Hill Samuel Investment Management Group separately, executives were wary about allowing a buyer to take the more valuable parts of the business while rejecting otbers.

TSB shares ended tbe day 7p higher at 257p. The statement was issued after the London market had closed.

See Markets

Granada turns up heat on LWT

By Maggie Urry

Granada Group turned up the heat in its £654m aggressive offer for LWT Holdings, describing the London weekend TV company's defence, posted on Sunday, as an "empty docnment" whicb "failed to add anything serions to the debate". The bid is the first hostile one in the history of Britisb commercial television.

LWT's shares rose 6p to 605p yesterday, while Granada's were np 7p at 527p. That makes the six-for-five sbare offer worth 632.4p a share. There is a cash alternative at 528p.

Mr Gerry Robiuson, chief executive of Granada, said the defence document did not address the fundamental question of how LWT will provide long term earnings growth to its sharebolders.

He suggested the price being offered by Granada – of 32 times 1992 earnings per sbare and 25 times estimates for 1993 earnings – conld not be snpported by fundamental analysis.

He bas said tbe bid, if successful, would not dilnte Granada's earnings in tbe financial year to September 1995.

LWT's defence document demonstrated that its shares had performed far better for investors than Granada's had over the last four years, and said half of Granada'a profits came from its low growth television rental business.

Sir Christopher Bland, cbairman of LWT, said on Sunday that it was pursuing talks which could result in a four-way alliance between LWT, Yorkshire, Tyne-Tees and Anglia prodncing cost saviogs, although current broadcasting regulations only allow two licences to he combined in one company.

Mr Robinson said LWT shareholders should ask bow a merger with Yorkshire would affect its earnings, bow LWT would protect its market sbare if it remained independeot and wbat would happen to tbe LWT sbare price if tbe bld failed.

Pantheon seeks £33.2m for purchases and to repay debt

By Tim Burt

Pantheon International Participations, the investment trust, yesterday announced plans to fund acquisitions and reduce debt through a £33.2m open offer and placing of ordinary stock units.

The proceeds will be used to acquire venture capital interests with a net asset value of £11.3m and to redeem £7.5m of loan stock by making a payment of about £5.7m.

Mr Rhoddy Swire, group managing director, said tbe balance would be used to atrengthen Pantheon as "Europe's largest investor in capital funds".

The company is offering 16.67m units at 200p each to ahareholders on the basis of one unit for one share held. Of the offer 4.4m units will be placed with institutions.

The ahares rose 11p to close at 203p.

The company is also issuing warrants, giving investors the right to exercise share options at a price of 250p between 1996 and 2001. Subscribers would receive one warrant for every five ordinary stock units. If all the warrants were exercised after 1996, it would result in the issue of 6.79m additional ordinary shares.

The capital will be raised in three instalments: tha first 80p on application; a second 60p payable on July 8 next year; and the final 60p in January 1995, after which the units convert into ordinary shares.

Pantheon decided to issue stock units rather than ordinary shares because it wanted to stagger the injection of funds. It was reluctant to have large funds on deposit while it pursued suitable investment opportunities, Mr Swire said.

He expected most of those opportunities to arise in the US, wbere the trust has established a diversified portfolio of boldings in venture capital funds.

The success of that strategy was underlined earlier this year when industry analysts ranked Pantheon as one of the leading non-split capital investment trusts – those investing solely for capital growth – in the year to June 1993.

In that period it recorded a rise of 44 per cent in net asset values.

Although the main aim of the offer was to expand Pantheon's investment portfolio, Mr Swire said a strengthened balance sheet would also enable it to redeem loan stock owed to the National Rivers Authority as part of the 1989 purchase of £20m in unquoted assets from the water authorities.

The outstanding loan stock is valued at £7.5m, but Pantheon will pay £5.63m following a 25 per cent discount agreement arranged with the NRA.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
British Thornton	int	2.5	Feb 25	0.25☆	-	0.5
Fletcher King	int	0.5	Mar 1	0.5	-	1
Gold Greenlees	int	3.3†	Apr 6	3.15	-	8.3
Ivory & Sime	int	2.25	Jan 31	1.75	-	6.5

†On increased capital. §USM stock. ☆ Special.

Keeping France in the picture

Roland Adburgham on Gooding Consumer Electronics' latest buy

Behind the rescue of the Grundig television factory in nortb-east France by Gooding Consumer Electronics is a gamble. It is an attempt by the Welsh company to become a European volume manufacturer of low-cost sets, competing directly with east Asian imports in a market wbere profitability is under beavy pressure.

In a deal announced last week, the newly-formed Gooding Consumer Electronics has acquired tbe Grundig factory at Creutzwald, in the Moselle region, for FFr160m (£18.28m) witb an additional French government grant of FFr50m.

The German consumer electronics company, and Philips, the Dutcb group which has management control of it, announced last January that production would be switched from Creutzwald at the end of this month.

As part of last week's deal, tbe factory will continue to make sets for Grundig until tbe end of 1994, whicb will allow the Welsb company time to introduce its own design for sets at a lower end of the market. It believes it can increase production from tbe annnal capacity of 500,000 to 1m within three years.

Gooding Consumer Electronics is jointly owned by Mr Alfred Gooding, a 61-year-old Welsb entrepreneur wbose family bolding company, Gooding Investments, is the majority shareholder, and Mr Koen van Driel, a Dutchman who is a former managing director of Grundig UK.

Mr Gooding, wbo sold the steel components maker, Catnic, for £15m in 1983, is chairman of Gooding Sanken, a company be set up in south Wales witb Sanken Electric of Japan to make power supply units, and of Race Electronics, a contract manufacturer also based in south Wales.

Among otber things, Race makes 10,000 satellite television receivers a week for retailers such as Dixons, Currys and Comet. The new scheme is to put togetber a package of receivers and sets to sell either under store brands or under the brand names Minerva, acquired from Grundig, and Continental Edison, bought from Thomson of France.

"What I'm trying to do is put together a very substantial electronics-orientated business," Mr Gooding said. "We're putting togetber a group that in 1994 could move into something like £130m turnover."

Alfred Gooding: sees a big market for low-cost televisions

South Wales is known as a base for the production of Sony and Panasonic televisions, but Gooding Consumer Electronics will manufacture in France rather than Wales because a high-quality, recently modernised, factory was available at a highly discounted price.

"It would have cost me three times that amount of money, maybe four times, to put in the same plant, witb the same guaranteed workload for a year and with a trained workforce of 350 people," Mr Gooding said.

"None of this is being done at the expense of what I do in south Wales. In fact it is complementary – we will be able to go to the big store groups with satellite receivers and TVs which are all in the same family."

There was a big market in Europe, be said, for low-cost 14in to 21in televisions. "At present, the bulk of those type of sets are imported from east Asia. I know that with modern sophisticated equipment, with a well-managed labour force, we can compete head-on with east Asia, which has to ship the stuff half way round the world.

"We've already spoken to big store chains like Dixons. There is no doubt that if we can come up with a competitive product, they won't think twice about buying a European set."

Part of tbe appeal of the Creutzwald factory, be added, was that it was in a coal mining region similar to south Wales.

"People in a mining area have a work ethic – they are prepared to work sbifts, they're prepared to be flexible. The labour force there have made it quite clear they are right behind me to protect jobs in this factory."

Lower interest charges help GGT to £2.24m

By Peter Pearse

A reduction in interest charges from £794,000 to £620,000 after February's £14.7m rights issue enabled Gold Greenlees Trott, the advertising and marketing services group, to show a pre-tax profits advance from £2.17m to £2.24m in the six months to October 31.

Profits at the operating level slipped to £2.86m (£2.96m). Turnover grew 22 per cent to £127.8m (£105m).

Group revenue was up 18 per cent at £25.8m (£21.9m): though at constant exchange rates the rise was 6.6 per cent, with the US accounting for all of the advance.

In the UK; revenues from media advertising declined 15 per cent, though Mr Matthew Allen, finance director, ascribed that partly to the loss of the Daily Mirror account.

However, across the group's UK businesses as a wbole the fall was reduced to 5 per cent by below-tbe-line activities, wbere revenues expanded by 8 per cent.

Mr Allen said tbat of tbe £14.7m rights money, some £4.5m had gone into the joint venture with GGK, the private European agency network, and that £3m of medium-term borrowings had been paid down. The balance was earmarked for acquisition possibilities, probably in the UK.

Earnings per share declined to 6.2p (7.82p) on the increased share capital, but the interim dividend is beld at 3.3p, though last time's has been adjusted to 3.15p for tbe scrip element of the rights.

Proudfoot facing up to £5m bill for job losses

By Peggy Hollinger

Proudfoot, tbe management consultancy chaired by Lord Stevens, is expected to take a cbarge this year of between £3m and £5m to pay for a wide-ranging redundancy programme announced yesterday.

This will be in addition to provisions of £1.6m announced in September to pay for a rationalisation programme expected to result in savings of £15m. The announcement also follows a series of senior departures and rumours of an attempt at a boardroom coup to remove Lord Stevens.

Some 200 jobs are to be cut by tbe first quarter of next year, bringing the group's staff to about 850. This is expected to briog further savings of between £10m and £15m.

Mr David Gill, who was appointed finance director in May following the departure of Mr Neil Hamilton, denied that tbe rationalisation was in response to outside pressure. "We believe this is the structure necessary to reflect the business volumes we are currently experiencing," he said.

Mr Gill also rejected suggestions that tbe company was seeking to sell its European operations. "We are in the process of rejuvenating the company worldwide, with particular emphasis on the European region," be said.

Mr Gill said Proudfoot was "not taking seriously" reports of a possible bid from former employees.

The shares bave fallen from 396p last year to close 2p higher at 65p yesterday.

Company will be vehicle for future programme expansion

Flextech in European TCI deal

By Raymond Snoddy

Flextech, the cable and satellite television group, is on the verge of completing the purchase of the European programming interests of Tele-Communications, the largest US cable operator.

Under the deal Flextech, a former oil services company which sold its oil interests last year to concentrate on the media, will take managerial control and a variety of stakes in a range of satellite and cable channels.

The purchase will make Flextech the second largest channel operator in the cable and satellite market behind British Sky Broadcasting, the consortium in which Pearson, owner of the Financial Times, has a stake.

In return TCI, in the process of being taken over by Bell Atlantic, the US telephone company, will take a 60 per cent stake in Flextech, at the moment a company quoted on the Unlisted Securities Market.

The aim is that Flextech will become the vehicle for future TCI programme expansion in the UK and the rest of Europe.

Under the agreement, which could be announced before Christmas, Flextech is expected to get from TCI 100 per cent of Bravo, the classic movies channel, a 25 per cent stake in Children's Channel to add to the 50 per cent it already holds, 25 per cent in UK Gold, the channel featuring programmes from the BBC and Thames Television library and 31 per cent in UK Living, the channel aimed mainly at women.

In addition Flextech will take over United Artists Programming and with it managerial control of Wire TV and the Parliamentary Channel, two cable only channels.

The company run by Mr Roger Luard will also have management responsibility for Discovery, the factual programmes channel and management and distribution of the Country Music Channel.

As part of the deal Flextech is expected to get more than £20m in cash and loans and be able to call on a further sum of around £15m if required.

Flextech is emerging as a significant player in the market for cable and satellite channels although it is at the moment a lossmaker.

In the six months to June 30 the company incurred pre-tax losses of £3.2m, compared with £2.91m last year.

In October when Flextech announced it was in talks with TCI its share price jumped by 49p to 224p. It now stands at 315p with a capitalisation of more than £100m, an indication of the current interest in communications companies.

At the time the company indicated that the deal would put a value of around £100m on the assets being acquired.

Once the current deal is formally completed Flextech, an unsuccessful bidder for an ITV franchise last time, is likely to start looking around for an investment in ITV.

At the moment it could own no more than 20 per cent because of its satellite channels although the government is in the process of setting up an inter-departmental review of the present cross media ownership rules.

Laporte powder coatings sale

By Joan Gray

Laporte, the UK's second largest independent chemicals group, is to dispose of the powder coatings businesses which it bought as part of its £129m takeover of Evode in January.

The company has sold its powder coatings operations in the UK and New Zealand to HB Fuller of St Paul, Minnesota, US, and its 25 per cent holding in a powder coatings associate to its partner, Dexter Corporation in the US, which now owns all the company.

The total consideration for the sale of these businesses, which made an operating profit of £1.04m, amounts to approximately £15.7m.

The disposals are regarded as non-core businesses and "represent a substantial advance in selling those interests acquired with Evode which are not central to Laporte," said Mr Ken Minton, Laporte chief executive.

Laporte has also completed the sale of a small South African footwear business, Chamberlain Phipps, for £1.1m.

It has also bought the Aztec Catalyst Company, based in Cleveland, Ohio, from Phillips Petroleum for an undisclosed sum. In 1992, Aztec made an operating profit of \$5.2m (£3.48m) on sales of \$33m.

Aztec is the third largest supplier of organic peroxides – used in making PVC, polystyrene and acrylics – in the US. Their manufacture is one of the main activities of the organic chemicals division, one of five core areas on which Laporte is focusing.

Laporte intends to invest up to \$8m in Aztec over the next two years to rebuild manufacturing plant and enhance safety standards.

Kingfisher moves into office supplies stores

By Neil Buckley

Kingfisher, the UK retail group, and joint venture partner Staples of the US will announce this week that they plan to launch nationally the office supplies superstore concept they have been testing in four locations.

The pilot Staples stores in Swansea, Cambridge, Leeds, and Staples Corner, north London, have performed above expectations, and the partners have agreed to invest an undisclosed amount in expanding the chain across the UK.

The 20,000 square feet stores are aimed primarily at small businesses, and stock 5,000 items of office equipment from cleaning materials and ball-point pens through to personal computers and laser printers, at prices up to 50 per cent below traditional dealers.

About half the customers at the pilot stores have been small businesses, and the other half individuals.

Mr Roger Paffard, UK managing director, claims a small business could save up to 40 per cent a year on office equipment by buying from Staples.

The chain will open its next store in Birmingham in March, with a further 8 likely next year, and up to 30 in 1995.

Staples of the US pioneered the discount office equipment format opening its first store in Massachusetts in 1986. It has since opened 175 stores. It joined forces with Kingfisher to attack the estimated £1.5bn office equipment market in the UK last year.

It also has joint ventures in Canada and with Germany's office superstore chain Maxi-Papier-Markt, in which Kingfisher took a 33 per cent stake this month.

Staples is the latest example to arrive in the UK of a US-style "category killer" – an outlet which aims to offer both a wider range and lower prices than any competitors in a particular product area. Other examples include Toys R Us and PC World.

It also borrows some elements, such as a membership scheme - free in this case - and its focus on small businesses, from the warehouse club concept like Costco, which opened in Thurrock at the end of last month.

Brit Thornton rises to £1.15m at midway

Profits at British Thornton Holdings, the packaging and furniture group, rose from £301,000 to £1.15m pre-tax for the half year ended October 31.

Turnover of £4.88m (£4.14m) included an acquisition contribution of £454,000.

At period-end costs had been reduced to £145,000 (£444,000) and cash in hand totalled £2.2m.

Earnings improved to 6.56p (2p) and an interim dividend of 2.5p is being paid.

Shareholders received a 0.25p special last time after adjusting for a sub-division of the shares.

Masterform, acquired earlier in the year, failed to live up to expectations following the cancellation of an order from Sega. The price paid for Masterform may be reduced.

Cost cuts help Merlin reduce loss to £104,000

By Gary Evans

Merlin International Properties, the property and investment company whose shares have been suspended since 1991, cut pre-tax losses from £3.96m to £104,000 for the year ended June 30.

Mr Peter Jevans, chairman, said that although results showed a very significant improvement, last year's figures included trading losses of £1.15m from the Trowbridge Shopping Centre development.

The improvement largely arose from reducing the overdraft, containing overheads, maximising property income, lower interest rates and the ending of costs in respect of the dispute over the compulsory purchase order issued on the Deansgate, Manchester, property.

After a three-year battle, the Secretary of State has recently issued his decision in favour of the group and has quashed the CPO issued in respect of the Deansgate property.

Until his decision, Mr Jevans said Merlin had been completely "frustrated" in its attempts to implement its strategy of a financial reconstruction, elimination of the overdraft by a share placing and relisting of shares.

Mr Jevans said he looked forward to the very real prospect of being able to implement Merlin's plans which he believed would ensure a return to financial stability and the relisting of its shares.

Turnover for the year dropped from £3.46m to £2.99m. Net losses were reduced from £3.71m to £232,000, equivalent to 11.1p (23.8p) per share.

Kells Minerals in reverse takeover

World Fluids, the specialist chemical and additives manufacturer, is coming to the market through its reverse takeover by Kells Minerals, the Dublin-based exploration company.

Kells is paying £5.5m via the issue of 45.9m shares to Mr John and Ms Geraldine Marett, giving them control. A further 3.58m shares are being issued to the trustees of the World Fluids pension scheme for World Fluids' principal property in Bury St Edmunds, Suffolk.

The name is to be changed to World Fluids (Holdings).

World Fluids, of which Mr John Marett is managing director, reported pre-tax profits of £692,000 for the six months to September 30.

Kells' shares were suspended at 21p, up ½p on the day.

Steel Burrill shares fall after loss of client

Following a 20 per cent fall in its share price between December 2 and December 16 Steel Burrill Jones, the insurance and reinsurance broker, announced it was losing a client account, writes James Unwin.

In what it admitted was an unusual comment on its day to day business affairs, SBJ said Pet-Plan would be transferring its business at next renewal.

Mr Christopher Birrell, SBJ finance director, said the lost account represented less than 2 per cent of the group's brokerage of between £44m to £45m a year and its loss was balanced by the recent gain of a large marine reinsurance account.

Although the new account was smaller, it was still significant and "at this stage in the renewal season it would be incorrect to take this loss in isolation", he said.

NEWS IN BRIEF

BRENT INTERNATIONAL has bought Cooper Flexographics for up to £580,000 cash with £384,000 on completion the balance depending on performance. Cooper's management accounts show profits of £84,000 on sales of £812,000 for the nine months to September 30.

BRITISH POLYTHENE is buying Roll-a-Rap for £874,000 cash. Borrowings of £1.3m and hire purchase commitments of £575,000 will be assumed. Turnover for Roll in the 11 months to November 30 1993 was £6.53m.

CARLISLE is to rationalise its property services division by concentrating activities on Pepper Angliss & Yarwood. Hirshfields has ceased trading after being placed in receivership. Company confirmed that talks with a potential third party investor were continuing.

CRESTACARE has conditionally agreed to acquire the business and trading assets of Ashcroft Nursing Home, at Chesterfield, which comprises 42 beds, from Peter Knights and Vivien Farrow for £1.25m.

GREEN PROPERTY has started talks with the intention of purchasing another property company. Green hopes to be in a position to make a full announcement at the end of January.

NEW LONDON has, under the terms of the disposal of its International Drilling Fluids operation, issued 12m shares to investment funds managed by Electra Kingsway.

PREMIER LAND has exchanged contracts for the sale of an industrial investment property in Fife for £3.55m, and has sold a small freehold ground rent property in north-west London for £110,000.

SETON HEALTHCARE has bought five over-the-counter treatments from Mundipharma Group for up to £1.7m cash. Sales of the brands were £885,000 in the 1992 year with an unaudited gross profit of £459,000.

INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

This table shows growth rates for the most widely followed measures of narrow and broad money, a representative short- and long-term interest rate series and an average equity market yield. All figures are percentages.

	US Narrow Money (M1)	US Broad Money (M2)	US Short Interest Rate	US Long Interest Rate	US Equity Market Yield	Japan Narrow Money (M1)	Japan Broad Money (M2+CDs)	Japan Short Interest Rate	Japan Long Interest Rate	Japan Equity Market Yield	Germany Narrow Money (M1)	Germany Broad Money (M3)	Germany Short Interest Rate	Germany Long Interest Rate	Germany Equity Market Yield
1985	9.0	8.8	8.00	10.58	n.a.	5.0	8.3	6.62	6.51	n.a.	4.3	5.1	5.45	6.94	n.a.
1986	13.5	8.3	6.48	7.67	3.43	6.9	8.2	5.12	5.35	0.84	10.0	8.3	4.64	5.90	1.79
1987	11.9	6.5	6.82	8.39	3.12	10.5	11.5	4.15	4.64	0.55	8.0	7.3	4.03	6.14	2.21
1988	4.3	5.2	7.65	8.84	3.81	8.4	10.4	4.43	4.77	0.54	9.7	6.4	4.34	6.46	2.61
1989	1.0	3.9	8.99	8.49	3.43	4.1	10.6	5.31	5.22	0.49	6.3	5.8	7.11	6.94	2.22
1990	3.7	5.3	8.06	8.54	3.60	2.0	8.5	7.82	6.91	0.65	4.5	4.5	8.48	8.71	2.11
1991	5.8	3.3	5.87	7.85	3.21	5.2	2.0	7.21	6.37	0.75	5.1	5.5	9.25	8.44	2.38
1992	12.4	1.9	3.75	7.00	2.95	4.5	-0.4	4.28	5.26	1.00	7.1	8.2	9.52	7.77	2.45
4th qtr.1992	14.3	1.7	3.55	6.73	2.84	2.0	-0.4	3.87	4.76	1.03	10.7	9.6	8.98	7.34	2.67
1st qtr.1993	11.9	0.4	3.20	6.26	2.81	1.9	-0.4	3.29	4.34	1.00	9.8	7.5	8.31	6.87	2.42
2nd qtr.1993	11.9	0.9	3.18	6.98	2.80	3.2	1.4	3.09	4.55	0.83	9.5	8.6	7.68	6.73	2.24
3rd qtr.1993	12.2	1.5	3.18	5.81	2.76	3.3	1.9	2.83	4.25	0.80	9.8	8.1	6.82	6.34	2.01
December 1992	14.2	1.4	3.87	6.75	2.87	1.8	-0.4	3.64	4.70	1.00	12.5	8.7	8.03	7.29	2.64
January 1993	13.4	1.0	3.26	6.59	2.87	2.4	-0.3	3.58	4.55	1.03	8.5	7.7	8.60	7.10	2.58
February	11.5	0.2	3.16	6.26	2.80	2.3	0.1	3.15	4.31	1.01	8.2	7.3	8.39	6.94	2.43
March	10.7	0.1	3.17	5.97	2.76	0.8	-0.4	3.13	4.19	0.97	10.0	7.6	7.98	6.59	2.27
April	10.9	0.2	3.15	5.96	2.81	2.4	0.5	3.06	4.42	0.85	9.1	8.7	7.92	6.63	2.23
May	12.0	1.0	3.14	6.02	2.81	3.9	1.5	3.09	4.64	0.82	9.3	8.5	7.52	6.80	2.27
June	12.7	1.4	3.25	5.94	2.80	3.4	1.4	3.10	4.58	0.82	10.1	7.6	6.77	6.77	2.22
July	12.6	1.5	3.20	5.79	2.80	3.6	1.6	3.11	4.40	0.81	10.1	8.7	7.24	6.57	2.09
August	13.2	1.4	3.18	5.68	2.76	3.5	1.7	2.93	4.27	0.79	10.1	8.3	6.62	6.34	1.98
September	11.8	1.5	3.16	5.35	2.73	3.8	1.9	2.48	4.09	0.79	9.5	7.3	6.63	6.12	1.98
October	10.9	1.3	3.26	5.32	2.71	3.4	1.9	2.30	3.85	0.80	9.1	6.3	6.64	5.93	1.86
November	10.5	1.5	3.40	5.70	2.74	3.8	1.5	2.22	3.84	0.84	8.4	7.4	6.31	5.86	1.82

	France Narrow Money (M1)	France Broad Money (M3)	France Short Interest Rate	France Long Interest Rate	France Equity Market Yield	Italy Narrow Money (M1)	Italy Broad Money (M2)	Italy Short Interest Rate	Italy Long Interest Rate	Italy Equity Market Yield	UK Narrow Money (M0)	UK Broad Money (M4)	UK Short Interest Rate	UK Long Interest Rate	UK Equity Market Yield
1985	8.2	7.4	10.03	11.74	n.a.	13.2	13.5	14.34	13.71	n.a.	4.7	13.2	12.32	11.03	n.a.
1986	8.8	4.4	7.79	8.74	2.85	10.5	8.2	13.25	11.47	1.41	4.0	15.3	11.02	8.97	4.35
1987	4.1	12.2	8.26	9.48	2.75	10.4	9.8	11.32	10.58	1.94	4.7	14.9	9.77	9.52	3.80
1988	3.9	8.4	7.84	9.06	3.69	7.8	8.9	11.24	10.54	2.71	6.8	17.0	10.41	9.69	4.48
1989	7.5	9.5	9.39	8.79	2.88	7.1	8.2	12.41	11.61	2.48	5.9	17.5	13.96	10.30	4.36
1990	3.7	9.0	10.32	9.92	3.19	9.3	8.1	11.98	11.87	2.96	5.3	18.1	14.82	11.53	5.07
1991	-4.7	2.7	9.62	9.03	3.58	7.3	8.0	11.83	13.20	3.45	2.4	8.2	11.58	10.04	4.87
1992	-0.1	5.5	10.38	8.57	3.55	8.7	7.5	13.86	13.29	3.83	2.3	5.3	9.73	8.09	4.81
4th qtr.1992	-0.1	5.5	10.77	8.28	3.72	2.8	5.9	14.64	13.84	3.88	2.7	4.5	7.88	8.45	4.84
1st qtr.1993	0.7	5.4	11.63	7.06	3.38	2.8	8.2	11.88	13.13	3.04	4.4	3.5	8.43	7.97	4.35
2nd qtr.1993	-0.3	2.9	8.01	7.08	3.33	2.4	8.0	10.82	12.49	2.47	4.7	3.8	6.00	7.92	4.04
3rd qtr.1993	-1.0	0.5	7.74	6.38	3.14	5.0	7.8	9.36	10.27	1.89	5.0	3.7	5.96	7.13	3.81
December 1992	-0.1	5.5	11.35	8.20	3.84	0.4	4.4	13.90	13.68	3.81	2.8	3.8	7.24	8.38	4.49
January 1993	1.8	5.8	12.16	7.93	3.58	2.2	5.4	12.73	13.48	3.28	4.0	3.3	7.04	8.33	4.48
February	1.0	5.7	12.12	7.78	3.40	2.3	8.3	11.51	13.03	3.01	4.8	3.4	6.23	7.97	4.36
March	0.7	5.4	11.27	7.33	3.18	2.4	8.6	11.41	12.82	2.86	4.7	3.7	8.04	7.65	4.24
April	-2.6	4.1	8.06	7.14	3.25	1.9	5.8	11.48	13.13	2.75	4.8	3.5	6.02	7.81	4.08
May	-3.2	3.1	7.64	7.16	3.39	2.3	8.1	10.80	12.50	2.53	3.4	3.6	6.03	8.08	4.01
June	-0.3	2.9	7.32	6.95	3.35	3.0	8.1	10.22	11.87	2.15	4.5	3.4	5.96	7.88	4.01
July	-1.9	0.6	8.08	6.72	3.28	3.5	6.8	8.54	11.12	1.99	4.7	3.5	6.01	7.49	4.03
August	-1.9	0.4	7.93	6.33	3.08	5.2	8.0	9.35	10.05	1.83	5.1	3.6	5.91	7.00	3.83
September	-1.0	0.5	7.29	6.12	3.06	5.1	6.7	8.18	9.86	1.85	5.1	4.0	5.86	6.91	3.88
October	1.0	-0.1	6.99	5.85	3.09	5.9	7.6	8.87	9.04	1.94	5.4	4.3	5.83	6.81	3.81
November			6.74	6.02	3.07			9.06	9.34	2.15	5.1	4.9	5.96	6.77	3.84

Monetary growth rates: show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. All growth rates refer to the seasonally adjusted series except for Japan and Italy. German monetary statistics now form a continuous pan-German series. Monetary data supplied by Datastream and WEFA from local bank sources. Interest rates: short-term, period averages of US - 90-day commercial paper, Japan - 3-month certificates of deposit, Germany - 3-month Fibor, France - 3-month Pibor, Italy - 3-month Euro-lira, UK - 3-month Libor; long-term, period average yields on 10-year benchmark government bonds. Interest rates supplied by Datastream. Equity market yield: period averages of the gross dividend yield on the relevant FT-A world index.

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Ivory & Sime shows 22% advance to £2.77m

By Peggy Hollinger

Buoyant stock markets around the world helped Ivory & Sime, the investment management group, increase pre-tax profits by 22 per cent from £2.27m to £2.77m in the six months to October 31.

The advance was achieved on a 22 per cent rise in turnover from £6.85m to £8.38m.

Mr Gordon Neilly, finance director, said about half the increase in revenue was due to the recent rise in global stock markets. He added, however, that Ivory & Sime had been particularly successful in attracting new business from North America.

This had helped the company to offset the loss of two significant contracts. These included the termination of the new Frontiers Development Trust, for which the company receivad compensation of £511,000, and the loss of the Merchant Navy Officers Pension Fund. Ivory received £750,000 for the termination of the latter account.

Funds under management rose by 13 per cent to £3.7bn. Since the period end several smallar contracts had heen concluded, bringing total funds to £4bn.

Mr Neilly said further progress was expected in the second half, assuming the global markets remained buoyant.

Administrative costs rose for the first time in four years, from £4.8m to £5.4m.

The dividend was increased by 29 par cent to 2.25p, reflecting the decision to pay one third at the interim stage and two thirds at the year end. Mr Neilly said that Ivory & Sime expected to pay a final dividend of at least 4.75p, making a total of 7p (6.5p).

Earnings were 20 per cent higher at 5.9p (4.94p).

The company also announced the appointment of Mr Richard Muckart, who has been with Ivory since 1983, as an executive director.

Mr Neilly said Mr Muckart'a experience in managing portfolios for Ivory and Sime in emerging markets was the first step in the company's strategy to increase its presence in these regions.

Perkins' mushroom disposal

Perkins Foods is to dispose of its Dutch canned mushroom activities to a newly incorporated joint venture with a private Dutch mushroom processing company.

Consideration, which will take the form of a minority holding in the new company, is not material to Perkins.

The company has also completed the issne of Fl 70m (£24.7m) and DM20m (£8m) of unsecured loan notes with a final maturity of January 20 2004 on the US private placement market. The issuer of the notes is Perkins Foods Nederland, a wholly owned offshoot, supported by a guarantee of Perkins Foods.

The proceeds will be used to reduce existing short term borrowings.

British Gas strengthens presence in Argentina

By Robert Corzine

Britisb Gas has bought a 45 per cent share in a Buenos Aires gas-fired power station for $24m (£16.1m) in a move whicb will strengthen its already considerable presence in Argentina.

The purchase of a stake in the Central Dock Sud power station fits in witb Britisb Gas's strategy to focus on fast growing economies in whicb tbe company is already involved.

It was made hy Global Gas, the division responsible for British Gas's investments in overseas gas distribution systems and power generation projects.

Mr Russell Herbert, Global Gas managing director, said the "market for power generation in Argentina has major potential for growth..."

Tbe company will he involved in tbe expansion of the plant to 490 megawatts from its present output of 211MW. It will also act as an adviser in negotiations for future fuel and power contracts.

A Britisb Gas-led consortium has a 70 per cent shareholding in MetroGas, whicb supplies 1.9m customers in Buenos Aires. It also supplies the power station. Another British Gas division is involved in exploration and production activities in Argentina.

Power generation schemes using local gas reserves and efficient combined cycle gas turbines are proving particularly popular in fast growing economies, in part because they can be built relatively quickly and are much cheaper than traditional power plants.

BM sale continues restructure programme

By James Unwin

BM Gronp, the debt-laden engineering company, has continned its restructuring with the sale of certain trading assets of Blackwood Hodge (Canada), its construction equipment distributor, for C$6m (£3m).

The sale, to Toronto-based Strong Corporation, comprises the business, stock and certain properties of BHC in Quebec and the Maritime Provinces.

The disposal was part of a programme currently underway which is expected to fetch abont £40m and eliminate rongbly £24m in associated deht. It follows an earlier sale of 14 husinesses for £51m.

Buyers for the remainder of the Canadian assets of Blackwood Bodge are being songht, althongh BM refused to disclose their valne for commercial reasons.

BM acqnired Blackwood Hodge's worldwide business for £54m in 1990.

Last month BM reported a swing from profits of £34.6m to losses of £116.6m pre-tax for the year to June 30 after taking account of higher-than-expected restructuring provisions and write-downs.

BTR expands battery side with $21.4m acquisition

By Paul Taylor

BTR, the industrial conglomerate, has acquired the US Industrial Batteries business of Gates Energy Products for $21.4m (£14m).

The business is a market leader in pure lead battery technology used in maintenance-free standby batteries for the data processing and telecommunications industries. It has annual sales of about $33m and employs 400 people at its manufacturing plant in Warrensburg, Missouri.

The deal marks a further withdrawal from the batteries market for Gates Energy whicb earlier this year sold its nickel-based rechargeable battery business to Ralston Purina's Eveready Battery company.

Five years ago BTR's subsidiary, Hawker Batteries, bought Gates Energy's plant in the UK.

Yesterday Mr John Richardson, head of BTR's batteries group, said he expected the pure lead battery technology, developed and patented by Gates, to give BTR a long-term competitive edge.

The acquisition is the second recent US purchase by BTR. Earlier this month it announced the agreed $820m purchase of Rexnord, an industrial manufacturer based in Milwaukee.

BBB Design recovering

BBB Design, the USM-quoted marketing and computer services group, continued its recovery in the six months to October 31.

It reported pre-tax profits of £43,000, against losses of £165,000, following the return to profits in the previous second half.

Mr Philip O'Donnell, chairman and chief executive, said the design, marketing and publishing division had been budgetted for a small loss but it broke even.

He added that the computer services side continued tobenefit from the strong product base of BBB Communications.

Turnover advanced to £956,000 (£874,000). Earnings per share came out at 0.52p (losses 1.99p).

EFM Japan Trust slips

EFM Japan Trust, which was launched in July 1992 with the aim of providing long-term capital growth through investment in Japanese equities, had a net asset value per share of 140.17p at the six months ended November 30.

That compared with 157.55p six months earlier and with 117.58p a year ago. The 11 per cent fall over the six months compared with a 14 per cent decline in the Tokyo Stock Exchange First Section Index.

Gross income for the period came to £43,000 against £125,000 at the interim stage last year. After administrative expenses of £66,000 (£52,000) and tax £6,000 (£12,000), loss retained was £29,000 (£61,000 profit). Losses per share were 0.29p (0.61p earnings).

Cocoa market plunges further

By Richard Mooney

Speculators stepped up pressure on the world cocoa market yesterday, forcing prices to the lowest level since early October.

At the London Commodity Exchange the March futures position closed at £904 a tonne, down £62 on the day, £132 over the past week, and £165 from the 5¾-year high reached on December 3.

There was no fresh fundamental news to explain the snow-balling sell-off, said Mr Lawrence Eagles. "It was all down to massive long liquidation of speculative positions," which had been built up during the period of uncertainty about the health of Mr Felix Houphouet-Boigny, veteran president of the Ivory Coast, the world's biggest producer of cocoa, whose death was announced two weeks ago.

In the event the power struggle that had been feared failed to materialise and the market was left at the mercy of the bearish developments that had been masked by the Ivorian factor – heavier-than-expected arrivals from West African harvests and signs that the Ivory Coast would not, after all, be delaying the marketing of its mid-crop cocoa.

Mr Eagles said longer term prospects for the market remained bullish as rising consumption and flagging production continued to eat into excess stocks. And he thought a move below £900 a tonne in the near term was likely to attract manufacturers back into the market.

Canadian cod fishery faces virtual shut-down

By Bernard Simon in Toronto

Canada's once-thriving east coast cod fishery will be almost entirely shut down in 1994 as part of efforts to rebuild severely depleted stocks, fisheries minister Mr Brian Tobin said yesterday.

Mr Tobin also announced that quotas for other groundfish species will be severely cut, bringing next year's total allowable catch down to 250,000 tonnes, about a quarter of its level five years ago.

In addition, a two-year moratorium on northern cod catches off the coast of Newfoundland, which was due to expire next May, will continue indefinitely.

The cuts are expected to cost 35,000 fishermen and processing plant workers their jobs. The government has provided substantial income support for unemployed fish workers since the Newfoundland cod moratorium took effect. But a new system, now being designed, is expected to recognise the poor long-term prospects for the fishing industry, by encouraging fish workers to find jobs in other sectors of the economy.

The decline of the east coast fishery is blamed on a variety of causes, including over-fishing by foreign and Canadian vessels and changes in water temperatures and fish-migration patterns. Scientists have been especially alarmed at the falling numbers of small, young fish.

Canada has urged its partners in the North Atlantic Fisheries Organisation to impose more stringent controls on catches by foreign trawlers in international waters. Mr Tobin said that domestic fishing fleets will in future have to use bigger hooks and mesh sizes to minimise harvesting of small fish.

The only cod fisheries that will remain open next year will be on the western Scotian Shelf and on the Georges Bank off south-western Nova Scotia.

The mysterious berry that brightens our yule-tide board

Cranberry jelly is a familiar accompaniment to Christmas turkey, but where is the fruit grown, and how?

FARMER'S VIEWPOINT

By David Richardson

Christmas dinner would be the poorer without them. The turkey would look pale and uninteresting were it not for the dash of colour they provide; and their subtle taste enhances the flavour of the meat, which, lets face it, from modern fast grown hybrids can be somewhat bland.

Yet, I confess that until a few months ago I had given them little thought. Subconsciously, I suppose, I had assumed they grew on bushes or briars like black currants or blackberries.

But in spite of the fact that I had been farming for nearly 40 years and for most of that time had travelled around the world looking at farm crops whenever the opportunity arose, I was taken completely by surprise when I saw this one for the first time.

I am referring, of course, to cranberries, or rather the jelly that is derived from them, large dollops of which I hope we shall all be enjoying next weekend.

So, what is a cranberry and where does it come from? Six months ago I could not have answered those questions. Then I went to Canada and a few miles south of Vancouver in the delta of the Fraser River I came upon the first cranberries I had ever seen.

For the cranberry is native to North America. Moreover it is one of only three berries originating from that entire continent – the other two being the blueberry and the concord grape.

Given that turkeys also originated in North America it is reasonable to suppose that Red Indians discovered that cranberries complemented the flavour of the meat of the wild birds and passed on that culinary intelligence to early settlers as they explored and colonised.

The history of the cranberry, however, seems less remarkable to me, a farmer, than its agronomy. For cranberries grow on what can only be described as low lying peat bogs. They are, in fact, perennial wetland plants and have a similar growing habit to heather. The plants have short, wiry stalks and in spring the pink flowers make cranberry fields look a little like flat grouse moors.

But wild and natural today's cranberry fields are not. The bogs in which cranberries are planted are laser levelled and subterranean irrigation is installed to ensure that optimum soil moisture levels can be maintained at all times. And the roads between the fields are also most unusual. Because of the boggy nature of the land and the fact that heavy gravel and stones would sink into it the farm tracks are made of light lumber waste such as chippings and sawdust. They are also built up several feet higher than the low lying cranberry bogs.

These high roads are needed for the cranberry harvest. When autumn comes the red shiny berries are ready to pick. A few for the whole fruit trade are carefully gathered by hand, packed in boxes and sent to market; but by far the majority of the cranberries grown in Canada and the US are used for processing into jam and jelly. These do not need to be handled so gently and growers have devised what must surely be a unique technique for harvesting them.

Using the built up roads between the cranberry fields as dams each bog is flooded to a depth of about a meter so that water covers all the vegetation. A small, light, mechanised push tractor with a rotating metal reel fitted on the front is then driven down a ramp on to the bog of ripe fruit. The reel thrashes the plants under the surface of the water and knocks off the cranberries which float to the surface. A finished field it looks from a distance like a bog full of blood.

The whole farming family then dons long salmon fishing type boots and leggings and goes down in to the flooded bog with a kind of flexible barrage. The barrage ahead of them, they push and shove the floating cranberries towards one corner of the bog where a rubber elevator, its base in the water, takes the fruit up into a trailer on the lumber waste road. The harvested fruit is then delivered to the processor.

How much the crop was worth and what level of profit might be expected from it, however, remained something of a mystery to me. Growers were only too happy to talk about the costs and complications of producing cranberries but were a little coy about the returns.

They told me, for instance, that the crop could only be grown successfully in North America and even there only in a few places where land quality and micro-climate were just right. And they reminded me that a crop with most of its sales concentrated into the few weeks before Christmas each year was bound to be volatile and high risk.

But I suspect they might have been trying to head off possible competition. For they could not hide their obvious prosperity.

As I spoon the delicious red jelly on to my plate on Christmas day, however, I shall not grudge them the profit they make from my enjoyment.

Analysts attack US mining law plans

By Kenneth Gooding, Mining Correspondent

Proposed changes to US mining laws are likely "to lead to more litigation, more delays, fewer jobs and less wealth-creation" if they are not rewritten "in a more workable and co-operative problem-solving manner," according to Goldman Sachs, the US financial services group.

"We share the concern of the industry about the growing potential power of citizen suits and the increasing legal fuzziness of issues like land 'suitability' and 'acceptable' environmental compliance", say analysts Amy Gassman and Alexandra Zawadiwsky.

They suggest a "compromise" version of the mining law reform is likely to be passed during 1994 and this could affect the earnings of several gold mining companies from 1995 onwards.

The analysts say it is likely that gross royalties between 3 per cent and 5 per cent could be levied on federal unpatented lands and add "we believe the industry can live with a moderate new royalty structure."

They point out that only a very small number of exploration prospects eventually become mines. "Thus, to introduce greater uncertainty into the exploration process (will the project receive permits, will it be located on suitable lands?) further reduces the already-slim probabilities associated with the search for new mines. In order to increase the probabilities, miners are looking [outside the US] where there has not been as much activity."

However, this move to offshore exploration also "reflects the intersection of several positive trends – the move toward a market economy and democratic government in several Latin American countries, the availability of large areas of unexplored prospective acreage offshore, the passage of new mining legislation to protect ownership rights and the ability to remit profits – at the very time that the process for exploring and developing properties in the US is becoming more uncertain and time-consuming."

The existing Mining Act of 1872 has been under attack by some US politicians for years because it enables mining companies to apply for a patent on federal land on which they are mining or plan to mine for a one-time fee of $5 an acre. Also, once patented, the land and the minerals contained in it are transferred from the public to the private sector and are exempt from any further rental or royalty payments to the Federal Treasury.

Critics say the present system does not provide a financial return to the American people for the use of public domain lands.

Diamond sales record reported

By Kenneth Gooding

De Beers, the South African group that controls more than 80 per cent of the rough (uncut) diamond market, surprised analysts yesterday by reporting that diamond sales this year by its London-based Central Selling Organisation reached a record US$4.366bn.

This was well ahead of most forecasts, 28 per cent up on last year's $3.417bn and 5 per cent above the previous record of $4.172bn in 1988.

De Beers warned, however, that there were some signs of over-supply in the lower and cheaper quality range of rough diamonds following sales from strategic stockpiles by the Russian and US governments.

There were also worrying sales of larger-sized, gem-quality diamonds from Russia's treasury in the past two weeks which were in clear breach of the republic's 1990 agreement with De Beers which gave the South African group exclusive marketing rights to 95 per cent of Russia's rough diamond output.

Diamonds were set aside by the US and Russian strategic stockpiles for industrial and technical use but the subsequent development of the Indian industry, which can economically cut and polish very small stones, means that today many of the stockpiled diamonds are cutable. For example, in two tenders, the US stockpile not only sold 1.5m carats of industrial diamonds for $6.5m but also 1.35m carats of small gem diamonds for $111.41m.

De Beers said retail diamond jewellery sales had held up well, given the weakness of the global economy. If the Christmas selling season turned out as expected, retail diamond jewellery sales this year would be marginally higher than in 1992 when 55m pieces worth $41bn were sold.

There was strong retail sales growth this year in the US and east Asia (Hong Kong, Singapore, Malaysia, Taiwan and China). Sales in Japan, which vies with the US to be the biggest market, each accounting for about a third of western world sales, were down in local currency terms but, because of the yen's strength, up in dollars.

Mr Michael Coulson, analyst at Credit Lyonnais Laing, part of the French financial services group, said that even though diamond sales beat best estimates it did not mean the market was particularly buoyant. De Beers had been re-filling supply pipelines, he suggested, and consequently it would have difficulty reaching $4bn of sales in 1994. Also De Beers' attributable profit was unlikely to show as substantial an increase as its diamond sales.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1101.5-2.5	1122-23
Previous	1093.5-94.5	1114-15
High/low	1099	1127/1116
AM Official	1099.5-99	1118.5-19
Kerb close		1125-26.5
Open int.	279,238	
Total daily turnover	35,433	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	970-75	995-1000
Previous	972-74	985-97
High/low		995
AM Official	957-9	994-5
Kerb close		999-1002
Open int.	2,664	
Total daily turnover	813	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	471-72	485-85.5
Previous	467-8	480.5-81.5
High/low		493/482
AM Official	488-9	482.5-3.0
Kerb close		488-8
Open int.	33,815	
Total daily turnover	4,836	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5345-50	5305-10
Previous	5280-90	5340-45
High/low		5340/5295
AM Official	5250-2	5310-5
Kerb close		5310-15
Open int.	49,358	
Total daily turnover	10,713	

■ TIN ($ per tonne)

	Cash	3 mths
Close	4795-805	4850-60
Previous	4795-800	4845-50
High/low		4860/4835
AM Official	4775-80	4830-2
Kerb close		4850-60
Open int.	17,008	
Total daily turnover	5,932	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	974-75	993-94
Previous	968.5-9.5	987-88
High/low		990/986
AM Official	968-9	987-8
Kerb close		995-6
Open int.	83,304	
Total daily turnover	21,382	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1744-45	1767-68
Previous	1723.5-4.5	1746.5-47
High/low	1735	1772/1758
AM Official	1735-5.5	1758.5-59
Kerb close		1771-2
Open int.	213,353	
Total daily turnover	69,586	

■ LME AM Official £/$ rate: 1.4860
LME Closing £/$ rate 1.4848

Spot 1.4855 3 mths 1.4774 6 mths 1.4718 9 mths 1.4677

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Dec	80.80	+8.65	81.05	79.75	1,461	413
Jan	80.85	+0.90	80.90	79.85	1,792	202
Feb	81.05	+0.90	79.90	79.90	1,148	43
Mar	81.30	+0.90	81.50	80.15	43,058	7,383
Apr	81.45	+0.95	-	-	708	18
May	81.55	+0.85	81.65	80.50	7,292	315
Total					60,237	9,482

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz)	$ price	£ equiv
Close	389.40-389.80	
Opening	389.30-389.70	
Morning fix	389.75	262.334
Afternoon fix	389.75	262.458
Day's High	390.50-390.90	
Day's Low	388.50-388.90	
Previous close	386.00-386.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.81	6 months	2.81
2 months	2.81	12 months	2.82
3 months	2.80		

Silver Fix	p/troy oz.	US cts equiv
Spot	344.55	512.25
3 months	348.90	515.90
6 months	353.20	520.30
1 year	360.90	529.40

Gold Coins	$ price	£ equiv.
Krugerrand	390-393	262-265
Maple Leaf	400.80-403.303	
New Sovereign	90-93	60-63

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Dec	388.3	+1.8	390.4	388.5	570	69
Jan	389.8	+1.9	-	-	1	-
Feb	390.8	+1.9	392.2	390.6	90,519	19,512
Apr	392.7	+1.9	394.0	392.6	13,307	789
Jun	394.6	+1.9	396.0	394.4	21,616	481
Aug	396.6	+1.8	397.4	397.1	5,600	12
Total					166,157	20,856

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Dec	388.3	-	-	-	5,649	580
Jan	391.0	+2.3	393.0	390.5	13,330	643
Apr	392.3	+2.2	393.9	391.7	1,904	146
Jul	393.4	+2.2	394.0	393.0	171	3
Oct	394.7	+2.2	394.5	394.6	27	-
Total					21,081	1,372

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Dec	128.00	+0.40	-	-	7	2
Mar	126.00	+0.40	127.00	125.50	3,707	74
Jun	125.00	+0.40	126.00	125.00	712	4
Sep	124.50	+0.40	-	-	52	2
Dec	123.50	+0.40	-	-	13	-
Total					4,491	82

■ SILVER COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Dec	510.6	+9.1	513.0	509.0	198	28
Jan	508.5	+8.4	511.0	508.5	30	0
Feb	512.5	+9.0	514.0	514.0	1	1
Mar	514.2	+9.0	518.0	511.5	88,556	14,778
May	517.4	+9.1	520.8	515.0	9,289	696
Jul	520.7	+9.1	524.0	519.5	10,322	488
Total					111,871	17,101

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	13.91	-	14.18	13.75	28,642	39,838
Feb	14.44	+0.02	14.63	14.30	116,195	53,046
Mar	14.65	+0.02	15.03	14.73	63,634	13,183
Apr	15.15	+0.03	15.27	15.08	28,721	5,581
May	15.53	+0.09	15.55	15.38	24,371	2,978
Jun	15.78	+0.06	15.87	15.66	33,716	2,092
Total					438,903	121,804

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	13.56	-	13.72	13.43	94,774	16,023
Mar	13.77	-1	13.89	13.66	20,668	3,101
Apr	14.00	8	14.18	13.91	12,396	1,807
May	14.26	+1	14.39	14.18	6,644	574
Jun	14.51	+1	14.59	14.48	8,118	303
Jul	14.70	+5	14.75	14.70	5,332	20
Total					149,762	18,335

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	44.05	-2	44.75	43.95	47,915	21,220
Feb	44.90	-10	45.50	44.60	47,155	15,364
Mar	45.55	-5	45.90	45.50	30,074	6,167
Apr	45.55	+5	45.75	45.40	21,817	3,555
May	45.30	-15	45.55	45.20	24,345	2,274
Jun	45.40	+5	45.60	45.25	13,785	1,635
Total					211,840	53,843

■ GAS OIL IPE ($/tonne)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	142.75	-	143.75	141.50	35,116	1,293
Feb	143.50	-	144.75	142.50	20,017	3,274
Mar	144.25	25	145.00	143.50	15,265	1,178
Apr	144.00	75	145.25	144.00	9,957	175
May	144.75	50	145.25	144.75	6,602	59
Jun	145.75	25	146.50	145.00	9,261	850
Total					112,922	13,734

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	2.190	+.085	2.195	2.170	11,166	14,462
Feb	1.965	+.045	1.970	1.925	21,933	5,441
Mar	1.930	+.040	1.935	1.895	16,603	4,111
Apr	1.910	+.040	1.918	1.830	13,730	2,446
May	1.915	+.040	1.915	1.890	9,367	2,059
Jun	1.915	+.035	1.915	1.890	7,475	713
Total					139,820	38,611

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	39.35	-.24	40.65	39.90	35,686	15,316
Feb	41.80	-.22	42.40	41.45	38,280	9,799
Mar	43.15	-.34	43.90	42.85	31,291	4,998
Apr	46.35	-.31	46.30	46.18	20,753	2,390
May	47.15	-.36	47.90	46.80	25,084	1,848
Jun	47.55	-.31	47.95	47.60	7,236	590
Total					163,189	35,154

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	97.00	-0.15	97.25	96.80	819	28
Mar	99.25	-0.05	99.30	98.80	2,084	43
May	100.40	-0.20	100.80	100.10	1,548	224
Jun	101.00	-0.30	101.50	101.00	122	19
Sep	-	-	-	-	78	-
Nov	90.15	-	90.15	90.15	437	10
Total					5,173	318

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	368/0	-2/4	373/0	368/0	2,280	1310
Mar	371/6	+1/0	374/4	369/6	159,805	28,815
May	352/0	+2/0	354/2	350/0	34,775	4,830
Jul	342/8	+5/4	343/4	337/4	50,440	8,785
Sep	345/0	+6/0	345/0	339/4	3,895	535
Dec	353/0	+6/0	353/0	348/4	4,870	20
Total					258,880	44,275

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	289/6	+1/6	291/6	288/0	10,435	17,155
Mar	298/2	+3/2	298/4	296/2	779,435	122,525
May	301/0	+3/2	301/2	299/0	338,720	28,430
Jul	300/0	+3/2	300/2	298/0	277,220	18,925
Sep	283/0	+1/6	283/2	281/6	45,285	1,975
Dec	287/2	+1/4	287/4	286/4	157,225	9,140
Total					1,614M	198,388

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	103.50	-	-	-	211	-
Mar	104.75	-	-	-	822	-
May	108.75	-	-	-	203	-
Sep	92.65	-	-	-	40	-
Nov	94.90	-	-	-	52	-
Jan	-	-	-	-	-	-
Total					1,128	-

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	685/6	-1/0	689/4	684/2	215,480	78,520
Mar	693/2	-1/2	697/2	691/6	238,895	112,840
May	695/2	-0/4	698/6	693/4	133,785	14,735
Jul	695/4	-1/0	698/6	694/0	129,780	11,225
Aug	690/2	-1/4	693/0	689/4	22,005	790
Sep	664/4	-0/4	665/4	664/4	13,225	415
Total					818,846	223,830

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	28.45	-0.06	28.53	28.27	663	1,130
Jan	28.48	-0.03	28.57	28.25	19,999	6,388
Mar	28.48	+0.02	28.56	28.25	37,789	8,539
May	28.11	8	28.20	27.85	13,657	1,831
Jul	27.71	-0.81	27.80	27.50	11,728	1,878
Aug	27.20	8	27.30	27.18	3,859	354
Total					98,015	21,277

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	193.8	+1.2	200.5	199.0	1,209	784
Jan	198.2	-0.2	199.2	198.1	22,870	6,577
Mar	198.5	-0.4	199.8	198.4	26,898	6,229
May	198.9	+0.1	199.9	198.9	10,874	1,518
Jul	199.8	-0.3	200.5	199.5	10,545	1,259
Aug	198.5	8	199.5	198.5	5,370	125
Total					82,834	16,862

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	-	-	-	-	-	-
Apr	102.5	+1.6	104.0	101.0	31	-
May	120.5	+2.0	121.0	119.5	1,731	136
Jun	-	-	-	-	562	68
Nov	-	-	-	-	2	-
Mar	-	-	-	-	-	-
Total					2,324	206

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	-	-	-	-	194	-
Jan	1250	-1	1290	1250	957	13
Feb	-	-	-	-	68	-
Apr	1239	-58	1239	1239	782	1
Jul	1160	-3	1160	1160	225	1
Oct	-	-	-	-	181	-
Total					5,173	318

	Close	Prev
BFI	1226	1228

Tea

Landed teas met strong general demand, reports the Tea Brokers' Association. Selected best & good medium north Indians ruled fully firm, but plainer sorts were again easier. Bright East Africans remained firm while coloury mediums advanced 3-5p. Plainer types were unchanged. Ceylons met good demand & prices moved 4-8p. Offshore: Strong competition at dearer rates. Quotations quality 200p/Kg, good medium 127p/Kg, medium 114p/Kg, low medium 95p/Kg. The highest price realised this week was 215p/Kg for an Assam pf.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	880	-40	880	880	162	16
Mar	904	-62	970	902	40,644	11,207
May	916	-58	970	915	17,954	5,083
Jul	928	-48	972	927	8,588	1,033
Sep	938	-40	976	937	8,894	885
Dec	955	-26	977	953	14,944	868
Total					136,833	20,485

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	1156	-54	1197	1150	39,104	10,586
May	1186	-54	1226	1181	15,187	2,810
Jul	1219	-51	1250	1211	8,804	1,846
Sep	1237	-53	1273	1235	8,280	981
Dec	1260	-39	1288	1258	8,119	223
Mar	1287	-43	1300	1285	8,142	502
Total					94,456	16,857

■ COCOA (ICCO) (SDR's/tonne)

Dec 17	Price	Prev. day
Daily	962.52	974.42
Dec 20		
15 day average	1008.82	1018.11

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	1231	-26	1250	1230	7,187	1,487
Mar	1241	-23	1257	1240	15,571	1,131
May	1227	-22	1245	1223	6,075	271
Jul	1219	-25	1237	1220	607	38
Sep	1217	-28	1228	1213	795	45
Nov	1211	-	-	-	183	-
Total					30,378	2,975

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	76.25	-2.60	78.45	76.05	55	23
May	77.75	-2.45	79.75	77.55	34,881	4,752
Jul	78.80	-2.60	80.80	78.80	9,476	450
Sep	80.25	-2.25	81.95	80.50	2,338	54
Dec	81.95	-2.55	83.80	82.50	1,639	34
Mar	83.90	-2.35	0	0	1,138	15
Total					50,072	5,338

■ COFFEE (ICO) (US cents/pound)

Dec 17	Price	Prev. day
Comp. daily	73.20	73.04
15 day average	71.82	71.68

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	10.79	-	-	-	1,177	11
May	11.01	-	-	-	843	-
Jul	11.20	-	-	-	2,919	15
Oct	11.00	-	-	-	45	-
Total					-	-

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	281.70	-	-	-	7,425	343
May	284.50	-	-	-	1,804	19
Aug	288.50	-	-	-	1,531	4
Oct	277.18	-	-	-	1,724	-
Dec	276.10	-	-	-	79	-
Mar	277.18	-	-	-	57	-
Total					-	-

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	10.55	-	10.58	10.51	50,643	3,105
May	10.74	-	10.86	10.73	22,113	759
Jul	10.68	-	10.80	10.67	15,731	462
Oct	10.63	-	10.75	10.63	12,289	714
Mar	10.66	-	10.72	10.70	1,331	165
May	10.66	-	-	-	11	-
Total					102,109	5,215

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	65.47	-0.02	65.75	65.30	26,839	4,267
May	66.66	+0.01	66.97	66.45	9,216	2,108
Jul	67.72	+0.02	67.90	67.50	5,818	841
Oct	66.50	-	66.80	66.30	923	318
Dec	65.46	+0.11	65.60	65.30	5,259	532
Mar	66.45	+0.15	-	-	37	2
Total					47,884	7,868

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	111.25	+2.20	111.50	108.00	6,653	90
Mar	114.40	+2.45	114.50	111.00	8,921	18
May	117.55	+2.95	117.55	114.00	2,839	18
Jul	120.40	+3.20	119.55	116.60	726	94
Sep	122.60	+3.48	118.20	119.00	606	-
Nov	124.35	+3.15	-	-	145	9
Total					20,155	221

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Dec 20	Dec 17	month ago	year ago
1673.6	1669.0	1629.2	1663.1

■ CRB (Base: 4/9/56=100)

Dec 17	Dec 16	month ago	year ago
225.10	224.27	-	-

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	74.225	+.025	74.400	74.100	1,816	1,033
Feb	74.350	+.175	74.625	74.150	31,313	5,822
Apr	76.050	+.125	76.250	75.900	17,198	1,316
Jun	73.825	+.225	74.025	73.650	13,979	1,091
Aug	72.725	+.225	72.950	72.500	8,431	191
Oct	72.875	+.225	72.900	72.450	3,328	28
Total					74,769	9,482

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	42.700	-.175	42.950	42.000	344	130
Feb	46.000	-.125	46.250	46.800	12,197	1,735
Apr	46.800	+.125	46.875	46.250	8,308	856
Jun	52.500	+.050	52.500	52.175	3,978	862
Jul	52.825	+.075	52.850	52.300	1,160	449
Aug	51.400	-	51.450	51.200	885	248
Total					26,852	1,169

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	54.425	+.325	54.550	53.450	5,565	924
Mar	54.700	+.425	54.750	53.750	846	76
May	55.750	+.250	55.975	55.200	1,281	72
Jul	56.375	+.175	56.450	55.850	1,211	37
Aug	53.900	+.100	54.300	53.600	144	5
Total					9,147	1,114

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Feb	May	Feb	May
1075	55	83	11	28
1100	39	63	19	39
1125	26	53	31	51
■ COPPER (Grade A) LME	Feb	May	Feb	May
1700	73	106	11	25
1750	40	75	27	43
1800	18	50	55	68
■ COFFEE LCE	Mar	May	Mar	May
1200	80	97	39	70
1250	54	74	63	87
1300	35	56	94	129
■ COCOA LCE	Mar	May	Mar	May
975	19	38	154	96
1000	14	33	200	115
1050	8	22	248	155
■ BRENT CRUDE IPE	Jan	Feb	Jan	Feb
1400	2	28	20	-
1450	3	16	-	-
1500	-	7	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Feb)

		+or-
Dubai	$12.02-2.12w	+0.020
Brent Blend (dated)	$13.53-3.58	+0.015
Brent Blend (Feb)	$13.56-3.56	-0.040
W.T.I. (1pm est)	$14.43-4.46w	-0.145

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$143-145	
Gas Oil	$148-149	
Heavy Fuel Oil	$55-58	+0.5
Naphtha	$128-130	+1
Jet fuel	$171-173	

Petroleum Argus Estimates

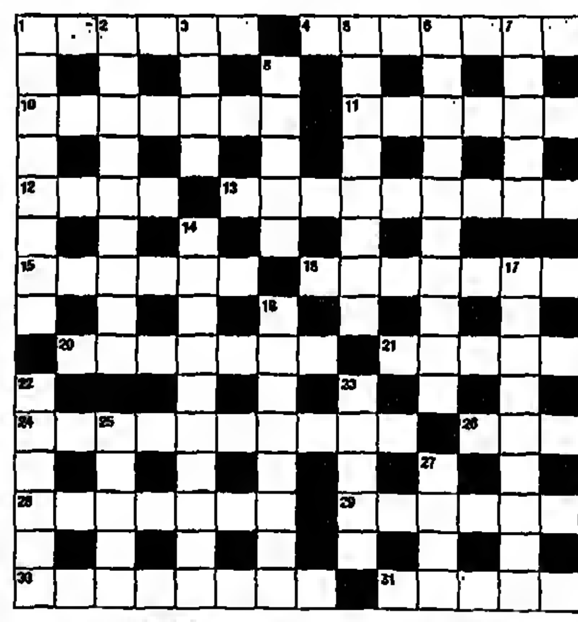
■ OTHER

Gold (per troy oz)♣	$389.60	+3.40
Silver (per troy oz)♣	509.5c	+11.0
Platinum (per troy oz.)	$389.50	+2.75
Palladium (per troy oz.)	$129.50	+0.25
Copper (US prod.)	84.5c	
Lead (US prod.)	34.50c	
Tin (Kuala Lumpur)	12.04r	+0.04
Tin (New York)	222.50c	+3.50
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	120.77p	-3.17*
Sheep (live weight)†♠	94.31p	+1.33*
Pigs (live weight)	74.29p	+0.40*
Lon. day sugar (raw)	$273.5	+0.9
Lon. day sugar (wte)	$284.0	
Tate & Lyle export	£298.5	+1.5
Barley (Eng. feed)	£108.75y	
Maize (US No3 Yellow)	£129.0	
Wheat (US Dark North)	£175.0z	
Rubber (Jan)¥	81.25p	
Rubber (Feb)¥	81.50p	
Rubber (KL RSS No1 Jul)	209.0m	-1.0
Coconut Oil (Phil)§	$630.0x	-15.0
Palm Oil (Malay.)§	$392.5y	
Copra (Phil)§	$445	
Soyabeans (US)	£201	+1
Cotton 'A' Index	60.50c	+0.35
Wooltops (64s Super)	342p	+1

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Feb/Mar. w Feb. z Jan. v Sep/Oct. t Dec/Jan. x Mar/Apr. ¥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,337 Set by FETTLER



ACROSS

1 A pillory for petty offenders able to fiddle (6)
4 Stubbornness I can't yet display (8)
10 Runs in to land OK (7)
11 Replacements, put back without force, are more rigid (7)
12 Teatime talk (4)
13 Such as Spey shore accommodated a kelpie (5-5)
15 Remained abed? I'd settle therein! (6)
16 Epistle, inscribed to a tablet of stone, found in a church tower (7)
20 It's always seen in one girl or many (7)
21 The last to stop progress (6)
24 The famous in Pinner meet irregularly (3-7)
25 Gamble on a second rate mark (4)
28 Turkish "offical in chief" fending off rivals (7)
29 I see diver returning cold and unemotional (7)
30 Border's extras are only small items (8)
31 Fat goat? (6)

DOWN

1 Cleaner fuel of a dark grey colour (8)
2 Is shortly arranged in unsophisticated story (9)
3 Press on to eliminate people wanting power (4)
5 To enclose free range hens was easy (8)
6 The numbers game is one that crime exploited (10)
7 To conclude, penniless friend came to a bad end (5)
8 The type of ball old Kerry delivered (6)
9 Showing stress and losing resistance leaves a mark (5)
14 One deciding to hinder a digger (10)
17 Where model gent is accommodated (9)
18 Mother, conforming to the principal course (8)
19 Fixer, arrives with rage....(8)
22 ....puts in order up above and overturns (6)
23 On getting up, Jill's to go slowly (5)
25 Small and mischievous playful feline (obviously Manx) (5)
27 Audibly tied to a bell – and to a belle? (4)

Solution to Saturday's prize puzzle on Saturday January 1.
Solution to yesterday's prize puzzle on Tuesday January 4.

هكذا من الاصل

LONDON STOCK EXCHANGE

MARKET REPORT

Futures buying drives Footsie to all-time high

By Terry Byland, UK Stock Market Editor

Stock index futures returned to the forefront of the UK stock markets yesterday afternoon, and once again led the FT-SE 100 Index to a new closing peak. As the March contract on the Footsie broke through 3,400, the stock market turned higher in its wake, with private investors leading the way. London was encouraged by renewed strength in other European bourses and by predictions that outflows from Japanese markets will be targeted at the UK market.

At best, the FT-SE 100 was nearly 32 points up at 3,369, but share prices reacted quickly when the March contract slipped back from its best levels. The final reading put the index at 3,364.9 for an advance of 27.8 on the day. The FT-SE Mid 250 Index closed 18.7 ahead at 3,710.4, also a new peak and only a shade below its best level of the session. The Mid 250 Index, which extends the Footsie 100-share range across the second line stocks, has recovered rapidly from profit-taking in early November.

Trading volume in the market's top 100 stocks was moderate for most of the day, but increased sharply when the surge in the futures contract opened the way for arbitrage trading, in which the leading securities houses sell the futures contract and buy the underlying stocks.

However, Seaq volume dipped to 748.9m shares after Friday's near record 1.0156bn. Non-Footsie business increased to around 65 per cent of the day's total; business in second line stocks usually averages less than 58 per cent of daily totals.

Account Dealing Dates		
*First Dealings: Nov 29	Dec 13	Jan 4
Option Declarations: Dec 9	Dec 30	Jan 13
Last Dealings: Dec 10	Dec 31	Jan 14
Account Day: Dec 20	Jan 10	Jan 24

*New time dealings may take place from two business days earlier.

Stock Exchange statistics disclosed that retail, or customer, business on Friday reached 1.84bn, making a total for the week of £8.4bn, one of the highest weekly figures for what has been an extremely active year on the London stock market.

Traders warned that the early part of yesterday's session saw mostly two-way business in the leading stocks. A genuine programme trade moved through the market without incident, to be followed later by several trades which were identified as basket trades, linked to futures trading.

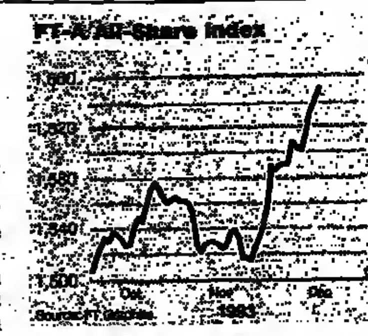
Some US investment business was seen in London but strategists remained cautious, warning that the final trading sessions of 1993 could well bring profit-taking now that the big institutions are beginning to close their books for the year. Many houses were prepared to be bearish at first, and an early gain of 16 points on the Footsie was almost eliminated later. "But for the future, it would have been a quiet day," said the head dealer at an international trading house.

The appearance, in strength, of the private UK investors was no great surprise. The annual Christmas flow of brokerage recommendations is likely to increase this year and highly bullish profiles of the market will target private investors.

Marketmaking houses have taken steps to meet the stock shortages provoked by the enormous upturn in futures markets and were buying stock yesterday morning to meet the expected Christmas rush.

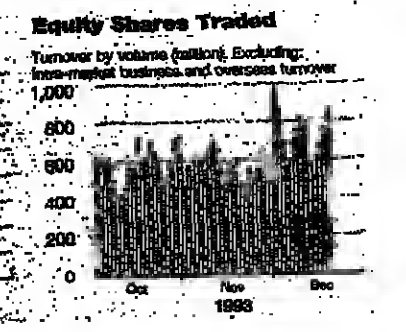
Once again, it was the merchant banking and allied sectors, prime beneficiaries of active securities markets, which stood out yesterday. Utility stocks also responded again to dividend optimism. But the consumer sectors, looking anxiously for signs of Christmas spending success, were less confident; while brewers and hotels did well, the main line store sector continued to lag the market.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3364.9	+27.6	FT Ordinary index	2516.9	+11.8
FT-SE Mid 250	3710.4	+18.7	FT-A 500 p/e	21.68	(21.48)
FT-SE-A 350	1674.2	+12.6	FT-SE100 Fut Dec	3396.0	+51.0
FT-A All-Share	1652.35	+12.16	10 yr Gilt yield	6.16	(6.19)
FT-A All-Share yield	3.43	(3.46)	Yield ratio	1.95	(1.94)

Best performing sectors

1. Insurance (Life) +2.1
2. Merchant Banks +1.6
3. Other Industrials +1.5
4. Brewers & Distillers +1.3
5. Insurance Brokers +1.2

Worst performing sectors

1. Metals & Metal Forming -2.6
2. Motors -0.4
3. Chemicals -0.3
4. Health & Household -0.1
5. Food Retailing -0.1

Renewed bid talk in TSB

TSB delivered the best performance among high street banks as the market responded strongly to whispers that it could be a takeover target for a domestic or overseas bank seeking to establish or increase a presence in UK retail banking.

The stock matched a generally strong showing by bank shares from January to July this year, but faltered during the summer months and substantially lagged behind until recently. Yesterday the shares powered ahead to reach an all-time high of 259p before coming off the best level to finish a net 7 up at 257p.

Dealers noted persistent strong demand via the inter-dealer broker system, where TSB was said to have remained well bid all day. The level of activity in the shares – 3.8m changed hands yesterday – tended to put some traders off the bid story, but others remained convinced that TSB was a genuine takeover target.

The bank's shares were up and running from the outset yesterday as the market absorbed weekend press reports that the for sale sign had been taken off its Hill Samuel subsidiary and that TSB was probably much happier with a recent improved performance from its merchant bank division.

However, the takeover speculation, which has surrounded TSB since it lost its way following the disastrous purchase of Hill Samuel for £777m just after the great crash of October 1987 and its acquisition of the Target unit trust group, began to circulate in the market again, pushing TSB shares forward.

Stories yesterday suggested that Standard Chartered had taken a hard look at TSB, as had National Bank of Australia. The Standard story was quickly shot down by sources close to the bank. "Standard has no aspirations to get involved in retail banking in the UK, it is not interested in excursions in such an area; it is much more interested in playing to its strengths across the world," said one close observer. Standard Chartered shares hardened 4 to 1194p.

One leading banks analyst described TSB as "amongst the most compelling takeover targets in the UK, it is still a capital rich bank", and said a bid could be "a disguised rights issue". He played down the National Bank rumours, however, saying that TSB has a strong northern bias and that NBA had acquired its interests in the North via its purchase of Yorkshire Bank.

Stores mixed

There was mixed reaction among stores stocks to reports that pre-Christmas trading had picked up in recent days. Most of the leaders continued their recent dull form, undermined by what many in the market consider a bout of overbuying in the wake of the Budget as well as to cautious reports from suppliers, particularly in textiles.

Marks and Spencer shaded a half-penny to 430p. Kingfisher and Dixons managed rises of 2 to 719p and 271p respectively and Great Universal Stores remained unchanged at 605p. Boots, performing better, added 7 to 557p and WH Smith 9 to 526p.

However, second liners responded more positively to the reports, with Austin Reed jumping 13 to 172p, Allders 6 to 198p and Argos 5 to 381p. Shares in Signet Group, formerly known as Ratners, and one of the recent rash of bearish stories on earnings, gained 20 per cent as two institutions were reported big buyers of the convertible prefence shares. They closed 2 up at 41½p, with the ordinary's eventually finishing 4¼ ahead at 24½p with a hefty 8m traded.

News that an international industry conference aimed at cutting back ethylene production had been abandoned, sent ICI down against a bullish London market. ICI is a big producer of the chemical and its shares were down 34 at 734p at one stage but recovered to end the day 14 weaker at 758½p with 3.5m traded.

Hoare Govett, a long-time seller of ICI reiterated its bearish stance and reinforced its bottom of the range 1994 profit forecast of £350m. Some dealers expected investors to adjust chemicals sector weightings by switching into companies such as BOC, Courtaulds and Laporte. But the sector remained churlishly unresponsive – BOC gained 5 to 645p, Laporte 2 to 718p and Courtaulds only a penny at 470p.

Schroders, one of the two merchant banks in the FT-SE 100 leapt 22 to a peak 1360p albeit in painfully thin turnover of 113,000 shares. SG Warburg, also in the FT-SE 100, raced up 16 to 914p, while Kleinwort Benson jumped 8 to 561p and Hambros 6 to 387p.

Prudential stood out in insurances, touching 360p before closing a net 11½ higher at 359p, with the market reacting to suggestions that one of the big German pension funds was seeking to buy a block of 2.5m shares.

The BP buy story gathered momentum with domestic and overseas institutions continuing to chase the shares higher after last week's highly successful UK and US presentations delivered to the big institutions by BP's chief executive, Mr David Simon. At those meetings Mr Simon said BP was on track to attain the $2bn profit target he set for end-1994 and increased this to $3bn by end 1995.

At the close BP were 9 firmer at 357p, having touched a three-year high of 358½p in mid-session, and many oil sector specialists expect the shares to launch a determined challenge to the all-time high of just over 377p reached in July 1987. Turnover was a hefty 10m shares.

BP's performance was all the more impressive given a background of continuing uncertainty in crude oil markets where Brent crude remained firmly below the $14 a barrel mark.

Shell also came in for good support, closing 6 higher at 718p after 4.8m traded.

Another purchase in the ice cream industry by Unilever, which paid £220m for a majority holding in a French manufacturer, helped the shares climb 15 to 1187p.

Takeover fever in the TV sector faded somewhat and Yorkshire-Tyne Tees Television fell 7 to 151p in reaction to a press report which said LWT Holdings had ruled out a bid for the company. LWT gained 6 to 665p. By the close of trading yesterday the Granada all-paper offer for LWT was worth 633p per LWT share as Granada shares closed 7 higher at 537p.

Bid talk returned to haunt troubled Fisons whose shares recovered 3 to 115p.

MARKET REPORTERS:
Christopher Price,
Peter John,
Steve Thompson.

■ Other statistics, Page 16

■ NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (401)

BRITISH FUNDS (59) AMERICANS (3) CANADIANS (1) BANKS (3) HSBC, Do. HK, TSB, BREWERS (3) Allied-Lyons, Greenalls, Highland Dists., BLDG MATLS (16) BPB Inds., Caradon, Do. Pf., Hepworth, Heywood Williams, Do. Pf., Ibstock Johnsen, Latham (J), Manders, Pilkington, Do. Warrants, RMC, SWP, Sheffield Ins., Tarmac, Travis Perkins, BUSINESS SERVS (9) Capita, Corp. Services, Hays, Hutch. Whmp., [illegible]

EQUITY FUTURES AND OPTIONS TRADING

The latest futures contract on the FT-SE 100 index generated the same enthusiasm as its predecessor and pushed the underlying stock market to new highs, writes *Peter John*.

The new contract, which expires in March, has replaced the December contract that ended its life on Friday as the most heavily traded futures instrument linked to the Footsie.

It has a fair value premium calculated at between 14 and 18 points above the cash market, but after opening at 3,367 it steamed forward to hit a high of 3,403 in the afternoon. At those rarified levels it was trading some 35 points above cash.

Dealers are beginning to worry that the stock market is at a frighteningly high level unjustified by economic fundamentals. But the independent futures traders known as locals, unconcerned that the stock market has risen 1,000 points since the UK left the European exchange rate mechanism, continued to lend their support. The locals were said to have bought March at around 3,385 and taken their profits at the high levels to bring it back to 3,396 by the official close, with turnover of 10,737 lots.

Dealers expected the squeeze on the March contract to continue until the end of the year, with a liquidity shortage increased by imminent expiry of a number of tailor-made OTC Footsie options.

In contrast, options activity returned to desultory levels, with total volume of 31,594 lots and only 14,600 index options. Fisons, which has seen the return of bid rumours, was the most active stock option with 1,864 lots dealt. Trafalgar House, Ladbroke and BP also attracted business.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3367.5	3396.0	+36.0	3404.5	3363.0	12290	68121
Jun	-	3408.0	+36.0	-	-	6	961

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3366) £10 per full index point

	3200	3250	3300	3350	3400	3450	3500	3550
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3125	3175	3225	3275	3325	3375	3425	3475
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE Actuaries Share Indices — The UK Series

	Dec 20	Day's chge%	Dec 17	Dec 16	Dec 15	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3364.9	+0.8	3337.1	3311.2	3278.5	2807.7	3.50	5.18	24.01	97.16	1232.28
FT-SE Mid 250	3710.4	+0.5	3691.7	3674.1	3651.5	2817.4	3.28	5.10	24.18	85.15	1344.81
FT-SE Mid 250 ex Inv Trusts	3702.3	+0.5	3683.9	3667.5	3625.6	2831.3	3.40	5.46	22.69	87.74	1337.60
FT-SE-A 350	1674.2	+0.8	1661.6	1649.8	1633.0	1389.0	3.45	5.16	24.05	47.14	1256.80
FT-SE SmallCap	1812.46	+0.5	1804.33	1791.77	1782.47	-	3.13	4.03	32.01	43.20	1374.04
FT-SE SmallCap ex Inv Trusts	1768.14	+0.5	1760.21	1748.56	1741.11	-	3.35	4.50	29.26	45.49	1342.89
FT-A ALL-SHARE	1652.35	+0.7	1640.19	1628.57	1612.46	1343.69	3.43	5.09	24.41	46.11	1261.17

■ FT-Actuaries All-Share

	Dec 20	Day's chge%	Dec 17	Dec 16	Dec 15	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
1 CAPITAL GOODS(216)	[illegible]										
99 FT-A ALL-SHARE(823)	1652.35	+0.7	1640.19	1628.57	1612.46	1343.69	3.43	5.09	24.41	46.11	1261.17

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3340.3	3352.5	3344.0	3342.4	3342.3	3353.8	3354.7	3360.3	3366.8	3369.0	3339.0
FT-SE Mid 250	3696.1	3702.5	3701.9	3702.9	3700.2	3703.0	3704.4	3706.8	3711.0	3711.1	3695.8
FT-SE-A 350	1663.0	1668.7	1665.3	1664.7	1664.4	1669.2	1669.7	1672.0	1674.8	1675.8	1663.1

Time of FT-SE 100 High: 3.43pm Low: 9.11am

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Construction	[illegible]											
Health & H'hold	[illegible]											
Water	[illegible]											
Banks	[illegible]											

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. [illegible]

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
[illegible]			

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls			Puts		
[illegible]							

December 20 Total contracts: 33,512 Calls: 19,321 Puts: 14,191

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	32	32	14
Other Fixed Interest	0	3	12
Commercial, Industrial	419	190	632
Financial	76	25	73
Property	34	4	87
Investment Trusts	195	31	232
Oil & Gas	27	11	44
Mines	83	13	54
Others	78	23	53
Totals	940	332	1,481

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt. paid up	Mkt. cap (£m.)	1993 High	1993 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
[illegible]											

† Introduction. § Placing price. P.F. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1993 High	1993 Low	Stock	Closing price p	+or-
[illegible]							

FINANCIAL TIMES EQUITY INDICES

	Dec 20	Dec 17	Dec 16	Dec 15	Dec 14	Yr ago	*High	*Low
Ordinary share	2516.8	2505.1	2498.5	2458.5	2447.3	2159.7	2518.8	2124.7
Ord. div. yield	[illegible]							
Earn. yld. % full	[illegible]							
P/E ratio net	[illegible]							
P/E ratio nil	[illegible]							
Gold Mines	[illegible]							

*For 1993. Ordinary share index since compilation: high 2518.8 20/12/93; low 49.4 26/6/40. Gold Mines index since compilation: high 734.7 15/2/83; low 43.5 26/10/71. Ordinary share base date 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2502.8	2512.2	2505.2	2501.8	2501.5	2507.7	2507.9	2510.4	2516.3	2518.8	2498.5

	Dec 20	Dec 17	Dec 16	Dec 15	Dec 14	Yr ago
SEAQ bargains	37,784	36,153	32,465	29,808	29,456	30,399
Equity turnover (£m)†	-	1841.8	1856.7	1828.5	1480.3	1464.1
Equity bargains†	-	42,867	35,623	33,218	33,720	34,201
Shares traded (mil)†	-	830.7	779.7	674.3	610.7	737.8

† Excluding intra-market business and overseas turnover.

TRADITIONAL OPTIONS

First Dealings Dec. 20 · Last Dealings Jan. 7 · Last Declarations March 24 · For settlement April 5

Calls: Bellio Off Tech., Brit.Thornton, Bula, Clyde Pet., Conrad, Cook(W), Greycoat, Hewitt, Kunick, Lovell(YJ), Manchester Utd, Mercury World Wts, Oriental Small Wts, Ricardo, SelecTV, Steel B Jones, Tadpole Tech., TR Tech, Tullow. Puts: Brit. Thornton, Conrad, Lonrho, Ricardo, Shopnits. Puts & Calls: APV, Asda, Greycoat, Lonrho, Mercury World Wts, Reckitt & Col, Smith & Nephew.

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LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs	18¼	+⅛	20⅞	15⅝	15,761	2.4
Allegheny & W ♥	483p	+19	722p	399p	255.3	4.3
Amdahl	437p	+8	591p	294p	500.5	0.6
Amer Cyanamid	33½	–½	39	31¾	3,009	3.5
Amer Express	20⅞	+⅛	25⅛	14⅞	9,805	3.3
Amer T & T	36¾xd	–⅛	43¾	33⅞	49,523	2.4
AmeriTech	93	+⅞	58⅞	46	23,295	4.7
Anheuser-Busch	33⅞xd	+⅝	41¼	29⅝	9,149	2.9
BankAmerica	31⅝xd	+⅝	38⅛	27⅞	11,243	2.8
Bankers NY	53⅞	+1⅛	54⅛	43⅝	4,447	3.0
Bell Atlantic	40⅞	+⅛	44⅛	32⅛	17,822	4.4
BellSouth	38⅛	+⅛	42⅞	32⅞	18,142	4.8
Bethlehem Steel ♥	12⅞	+⅛	13⅝	6½	1,125	–
Bowater	1660p	+4	1682p	1160p	676.2	2.5
CPC	31⅛	+⅛	34⅝	26	4,779	2.7
California Engy	1293p	—	1478p	1065p	235.4	–
Chase Manhattan	23⅛	+⅛	24⅞	17⅞	4,234	3.5
Chrysler	36⅞xd	+⅛	39	21¼	10,707	1.5
Citicorp	24⅞	+⅛	29	13⅛	9,312	–
Colgate-Palm	40⅞	+⅛	45⅝	36	6,616	2.3
Cont'l Bank	1674p	+4	1677p	1278p	1,001	2.4
Dana	37⅞xd	+¼	39⅛	29⅞	1,704	2.0
Data General	606p	+10	951p	527p	167.2	–
Decora Inds ♥	79½p	—	140p	79½p	–	–
Dun & Brad	42	+⅛	46⅞	37⅛	7,498	3.9
Eaton	33⅞	+1	37⅞	25⅛	2,305	2.4
Echlin	21⅞	+⅛	22⅞	15⅛	1,264	2.2
FPL	26	+¼	27⅞	23¼	4,722	6.4
Ford Motor	42⅛	+⅛	43½	28⅞	20,693	2.5
Gen Elect	70⅞	+1⅛	70⅛	53⅞	60,348	2.4
General Host ♥	468p	+1	723p	452p	–	4.8
Gillette	40⅛xd	+⅝	43⅛	31⅛	8,961	1.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICALS - Cont.

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1993 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot Asian Pfg		369	+13	369	138	-	369.5	2.1
Warrants		1050	+37	1050	225	-	-	-
Scot East		47	+1	67	63½	2.2	98.1	11.6
Scottish Inv		239	+2	230	182	2.8	271.8	12.1
Warrants		90	+2	96	30	-	-	-
Scot Mortgage		238	+1	220	179	2.1	269.8	11.6
Scot National Inc		104	+½	106	83	0.5	-	-
Cap		42	+1	42	18	-	146.9	71.6
Stepped Pf		168¼	—	168¼	150¾	4.7	-	-
Zero Div Pf		234	—	234	207	-	-	-
Warrants		5½	—	6½	2½	-	-	-
Scot Value		176	+½	118	71	2.8	114.9	0.1
Sec Alliance		1695	+3	1695	1390	2.9	1828.7	9.0
Second Consol		108	—	108	58	-	183.8	8.0
Second HGSC		108	—	108	101	-	98.4	-7.7
Second Market		424	+3	424	258	0.6	458.1	7.7
Sec Tst Scot		96	+½	96	74½	4.5	98.3	2.4
Select Assets		163½	+½	164	108½	0.8	198.3	17.9
Eq Ind Sed		158	-2	162	128	3.2	-	-
Eq Ind Sedl		168	-2	182	128	3.3	-	-
SHIRESCOT		145	—	145	104	4.5	141.2	-2.7
Shires		339xd	+1	336	231	8.3	305.3	-10.6
Slam Select		369	—	369	67	0.5	298.8	18.6
Smaller Cos		196	—	237	78	3.4	135.7	0.2
Warrants		96	—	98	14	-	-	-
Sphere Inc		49½	+2	49½	14	8.6	60.8	18.8
Zero Div Pf		94¼	—	94½	80¼	-	-	-
Units		975	—	975	785	-	-	-
Sumit		178	-1	138	38	-	-	-
TR City of Lon		184	+1	184¼	126	1.5	128.8	8.3
TR Euro Growth		142	—	142	78	3.7	167.3	-4.1
Ptg Sub		45	—	82	27	1.9	144.4	1.7
TR Far East Inc		187	+3	187	112	2.0	-	-
Warrants		63	+2½	45	22	3.2	198.5	0.5
TR High Inc		140	—	141	102	-	-	-
Sub		41	—	45	25	5.4	136.2	-3.6
TR Pacific		224	+4	224	110	4.7	-	-
TR Prop		39½	+½	39½	17	8.3	218.9	-2.1
TR Smaller		196	+1	196	145	2.8	40.0	1.8

MERCHANT BANKS

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's	P/E
Baring 8pc Cu 2nd Prf		110½	—	123½	93	13.8	9.0	
9¼pc Non-Cum Prf		133	+½	129	113	63.2	9.2	
Close Bros		480	—	480	250	221.0	2.8	17.
Hambros		397	+3	493	243	666.0	4.8	17.
7½pc Cv Pf		169½	+½	164	111½	239.3	0.5	
Joseph (L)		430xd	—	428	313	21.9	5.8	
Kleinwort Benson		581	+8	587	212	741.8	3.7	10.
Rea Bros		80	—	85	39	23.5	1.1	63.
Schroders		1380	+22	1380	467½	1,373	1.1	27.
NV		1290	+30	1315	397½	352.8	1.2	25.
Singer & Fried		82	+2	45	45	157.8	4.8	
Warburg (SG)		914	+16	949	529	1,983	2.7	13.
Wintrust		315	—	325	185	20.7	3.7	26.

METALS & METAL FORMING

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's	P/E
ASW		168	—	238	81	105.8	4.7	
Apollo Metals		66	-2	120	76	13.6	0.5	
Ash & Lacy		168	+4	170	143	49.8	4.8	17.
Billam (J)		289	—	312	129	4.38	2.5	13.
Brit Steel		125½	-7½	135½	54	2,518	1.5	
CI		76	—	28	12	13.9	4.0	14.
Castings		220xd	-1	228	166	46.4	2.8	15.
Chamber & Hill		170	—	195	113	12.4	4.8	10.
Cohen (A)		403	—	405	295	7.48	1.1	
Cook (Wm)		285	—	288	120	68.7	2.8	18.
Cooper (F)		82	—	84	45	29.1	3.4	
Ferraris		84xd	—	85	32	8.21	3.0	
Firth (GM)		14	—	18½	6	4.72	-	
Garton		91	—	101	76	3.47	5.7	
Glynwed Intl		369	+6	369	245	761.2	3.9	34.
Goodwin		25	—	38	32	2.38	3.0	
Johnson & Firth		37xd	+½	64	35½	61.9	4.0	
Johnson Matthey		527xd	+2	537	425	1,001	2.5	20.

MISCELLANEOUS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

MOTORS

PACKAGING, PAPER & PRINTING

OIL & GAS

INVESTMENT COMPANIES

MEDIA

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's
Ennex Intl		15	+1	16	3¼	13.0	-
Europa Mints		40	+5	42	15	19.3	-
Glencar Expl		14	—	14	6	2.59	-
Greenwich Res		14¼	—	22¼	5	11.7	-
Hemlo Gold C$		£7¼	+⅛	£8⅛	£3½	701.8	1.4
Ivernia West		38	—	57	31	19.7	-
Kefis Mints		21	+½	21	9	8.87	-
Kenmare		11	+2½	13½	6	11.6	-
Milagro Mints		14	—	18	14	0.89	-
Nevan Res		148	—	160	25	28.5	-
5pc Ln Notes		143	+3	148	25	25.6	-
Oryx Gold		45	—	70½	27	-	-
Ovoca Res		24	—	29½	3½	1.67	-
RTZ		701	+6½	781	607	6,309	3.1

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † *Interim since increased or resumed*
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ♯ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b *Figures based on prospectus or other official estimates.*
c Cents.
f Flat yield.
g Assumed dividend *yield after rights issue.*
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s *Dividend yield excludes a special payment.*
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u *Forecast, or estimated* annualised dividend yield, p/e based on previous year's earnings
v *Not subject to ACT.*
z Dividend yield inc*ludes a special payment*
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after *pending scrip and/or* rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on *latest annual earnings.*
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on MMR *'Headline Earnings'*
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised *yield, p/e based on* prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xR ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion.

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣ . Ring 081 770 0770 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT8633. [If calling from outside UK, dial +44 81 770 0770 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please *remember to state the weekly changing FT code* above and also your post code.

FT Cityline

Up-to-the-second share prices are available by *telephone from the FT Cityline service. See* Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Sun Life Trust Mngmt Ltd – Contd.

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)F

Rothschild Asset Management

J. Rothschild Fund Managers Ltd.

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

INSURANCES

AXA Equity & Law Life Assce

Black Horse Life Assurance – Contd.

Britannia Life Assurance

Britannia Life Ltd

Consolidated Life Assurance Co Ltd

Crown Financial Management Ltd

Guardian Royal Exchange – Contd.

Hearts of Oak Insurance Group

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Royal Heritage Life Assurance Ltd - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
INVESCO MIM				
European Smaller	175.3	184.6	+0.7	-
Sth & East Asia Gwth	397.2	418.2	-0.5	-
Inc Growth	324.5	341.0	+0.9	-
Japan Smlr Cos	236.4	248.9	-3.1	-
Man Growth	264.6	278.8	+0.4	-
Gilt	85.2	94.0	+0.3	-
Perpetual Funds				
International Growth	170.5	179.6	+0.5	-
American Growth	217.0	228.5	+11.8	-
Intl Emerging Cos	241.8	254.7	+0.6	-
European	195.2	205.6	+1.2	-
Managed	196.1	206.6	+0.2	-

Royal Life Insurance Ltd

New Hall Place, Liverpool L69 3HS 051-230 5000

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Shield Fd	945.90	1009.9	—	-
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	380.90	400.9	+1.2	-
Equity Fund	544.30	572.90	+3.0	-
Property Fund	296.90	312.50	+0.1	-
International Fund	468.6	493.2	-0.8	-
Gilt Fund	382.6	403.70	+1.2	-
Money Fund	215.90	227.20	+0.1	-
United States Fund	349.60	292.50	+0.6	-
Pacific Basin	293.30	308.70	+0.8	-
Royal Life (Unit Linked Pension Fds) Ltd				
Exempt Man Fd Acc	467.3	497.00	+1.1	-
Exempt Equity Fd Acc	820.0	863.10	-1.2	-
Exempt Prop Fd Acc	307.40	323.50	+0.8	-
Exempt Intl Fd Acc	764.70	804.90	+1.7	-
Exempt Gilt Fd Acc	457.30	481.30	+2.0	-
Exempt Money Fd Acc	295.9	311.4	—	-

Royal Liver Assurance

Royal Liver Building, Liverpool, L3 1HT. 051-236 1451

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	78.9	83.1	—	-
Global Equity	80.4	83.6	—	-
High Yield	76.2	80.2	—	-
Intl Equity	86.2	90.7	—	-
Fixed Interest	82.4	86.7	—	-
Money	75.7	79.7	—	-
Managed	81.0	85.3	—	-
Pensions				

Scottish Widows' Group

PO Box 902, Edinburgh EH16 5BU 031-655 6000

	Bid Price	Offer Price	+ or -	Yield Gross
Inv Pol 1 Dec 17	974.9	974.6	—	-
Inv Pol 2 Dec 17	934.1	934.9	—	-
Inv Pol 3 Dec 17	852.9	887.0	—	-
Inv Pol Cash Ser 2 Dec 17	304.1	320.2	—	-
Inv Pol Cash Ser 3 Dec 17	300.4	316.4	—	-
Mixed Fund	460.7	485.2	-1.3	-
Equity Fund	545.6	575.7	+4.4	-
Property Fund	218.4	230.0	+0.1	-
International Fund	490.8	516.7	+1.0	-
Fixed Int. Fund	402.5	423.7	+1.8	-
Index Stk. Fd.	211.1	222.3	+0.2	-
Cash Fd.	221.2	229.0	+0.1	-
Pens. Mixed Fd. Ord.	618.4	651.1	+3.0	-
Pens. Equity Fd. Ord.	738.1	778.1	+0.2	-
Pens. Prop. Fd. Ord.	285.2	310.0	+0.2	-
Pens. Int. Fd. Ord.	634.3	667.8	+4.1	-
Pens. Fxd.Int. Fd.Ord.	602.0	633.7	+2.8	-
Pens.Ind.Stk.Fd.Ord.	248.7	261.3	+0.2	-
Pen. Cash Fd. Ord.	337.6	353.6	+0.2	-
Building Society	087.2	102.4	+0.1	-
PM Main	3026.6	3026.6	+60.6	-
PM St Ex	3215.3	3215.3	+57.2	-
PM St Ex Eq	137.4	137.4	+2.5	-
PM St Ex Fi	152.7	152.7	+1.3	-
PM Property	209.9	209.9	+0.2	-
PM Pens Protection	214.4	214.4	+0.9	-
PM IL Protection	132.1	132.1	+0.1	-
PM Cash	384.8	384.8	+0.2	-

Skandia Life Assurance Co Ltd (z)

Skandia Hse, Portland Terr, Southampton 0703 334411

Skandia Price Line 0800 181380

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Funds				
Skandia Cautious	145.1	152.7	+0.8	-
Skandia Balanced	375.5	385.2	+2.4	-
Skandia Distribution	117.3	123.6	+0.4	-
Skandia Ethical Selection	110.8	124.6	+0.4	-
Skandia Deposit	259.3	272.9	+0.1	-
Abtrust Managed	129.9	136.7	+0.8	-
Barings Managed	141.5	148.9	+0.6	-
CU Managed	242.1	254.8	+1.2	-
Fidelity Managed	202.9	213.5	+0.6	-

TSB Life Ltd - Contd.

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tockbridge Wide Equitable

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Group

Standard Life Assurance Company

Sun Alliance Group

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

TSB Life Ltd

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Albany International Assurance Ltd

Allied Dunbar International Assurance Ltd (z)

CMI Insurance Co Ltd

Century Life International Ltd

Eagle Star Intl Life

Equitable Life (International)

Eurolife Assurance Group

Fleming International Ltd

Isle of Man Assurance Ltd

Lombard International Group

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Scottish Life Assurance Int Ltd

Scottish Provident Int Life Ass Co Ltd

Sun Alliance International Life

Target International Group

MANAGEMENT SERVICES

Capital Trust Financial Management

Knight Williams & Company Ltd

Macarthur & Rowle Invest Mngt Plc

Royal Life Fund Mgmt (Pvt) Ltd

Roxborough Financial Management Ltd

United Financial Corporation Ltd

J. G. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

Newport Investment Management

Orion Fund Limited

CANADA (SIB RECOGNISED)

GBC Asset Management

GUERNSEY (SIB RECOGNISED)

AIB Govett Inv Managers (Guernsey) Ltd

Adams & Neville Fd Mangt (Guernsey) Ltd

Baring Intl Fd Managers (Guernsey) Ltd

Butterfield Fund Mngrs (Guernsey) Ltd

Cokenoan Flight Ff Mngrs (Guernsey) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

M & G (Guernsey) Ltd

Prudential Fund Managers (Guernsey) Ltd

Rothschild Asset Management (C.I.) Ltd

Royal Bank of Canada Offshore Fd Mgrs Ltd

Sarasin Funds Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

ANZ Newport Co (Guernsey) Ltd

Bank of Bermuda (Guernsey) Ltd

Bank Gonzales Investment Management

CIBC Fund Managers (Guernsey) Ltd

Gartmore Fund Managers (CI) Ltd

Hambros Fund Managers (C.I.) Ltd

Henderson Admin. (Guernsey)

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Managers (CI) Ltd

Lloyds Bank Fund Managers (Guernsey) Ltd

Merrill Lynch Guernsey

Midland Bank Fund Managers (Guernsey) Ltd

Rothschild Asset Mngmt (C.I.) Ltd

Schroder Investment Management (Guernsey) Ltd

Smeal International (Guernsey) Ltd

U.S. Advisors (Guernsey) Limited

U.S. Treasury Securities Fund Ltd

Wells Fargo Nikko Inv Adv Grp Ltd

Zurich Capital Mangmt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

BT Fund Managers (Ireland) Ltd (u)

IRELAND (REGULATED)(**)

BT Fund Managers (Ireland) Ltd (u)

Bank of Ireland Asset Mngt Ltd

Baring Intl Fd Mngrs (Ireland) Ltd

Dublin Intl Fund Administrators Ltd

Gartmore Fund Managers (Ireland) Ltd

Kleinwort Benson Capital Mngt (Ireland) Ltd

Morgan Grenfell Fund Mngrs (Ireland) Ltd

Old Mutual International Fd Mngrs (Ireland) Ltd

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fd Mngrs

Allied Dunbar Intl Fund Mgrs (IoM)

ISLE OF MAN (REGULATED)(**)

ATC Fund Management Ltd

AXA Equity & Law Intl Fd Mgrs

Asset Global Funds Ltd (1200)

Govett Fund Managers (IoM)

John Govett Management (IoM) Ltd

Mercury Fund Managers Intl Ltd

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

Barclays International Funds

Capital House Fund Mgrs (CI) Ltd

Coutts & Co Fund Managers (Jersey) Ltd

Gartmore Fund Mngrs Intl Ltd

John Govett (Channel Islands) Ltd

Lloyds Bank (CI) U/T Mgrs

Midland Bank Fund Managers (Jersey) Ltd

Royal Bank of Canada (Jsy) Fd Mgt Ltd

Standard Bank Fund Mgmt (Jersey) Ltd

TSB Trust Funds (CI)

JERSEY (REGULATED)(**)

Barclays Intl Funds

Cater Allen Investment Management (CI)

Citibank (CI) Ltd "Citifunds"

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Dollar firms against yen

The US dollar continued its ascent against the Japanese Yen and also firmed slightly against most European currencies. However, it ended the London session off its day's highs on late profit-taking, *writes Conner Middelmann.*

Traders reported sluggish dealings as most market participants were squaring their positions ahead of the holidays.

After breaching technical resistance at Y110.50, the dollar hit a six-month high against the yen at Y110.80. It closed at Y110.55, up from Y110.10 at Friday's close. The yen also lost some ground against the D-Mark, which closed at Y64.52, up from Y64.29 on Friday.

The yen continues to be undermined by concerns that the fiscal measures needed to boost the Japanese economy are being delayed by political problems, said Mr Steve Hannah, chief economist at IBJ International. Depressed by the stalled parliamentary debate on political reform and a delay in the proposal for the draft budget for Japan's next fiscal year, the Nikkei stock index slid 647 points to 17,404.

Continued speculation over further, sharp cuts in the 1.75 per cent official discount rate was also keeping the currency under pressure. While the market is discounting a ¼-point reduction in this rate, there is increasing talk of the discount rate falling to 0.5 per cent or even to zero per cent next year.

All this is in sharp contrast with the US, which has recently seen a string of strong economic data. Moreover, as the Federal Reserve's Open Market Committee (FOMC) meets today, there is increasing talk that the body may be shifting from a neutral policy stance towards a slight tightening bias. The minutes of the last FOMC meeting in November, due to be released this week, will be keenly eyed for any hints of a policy shift.

● The Italian Lira posted more gains against the D-Mark following Saturday's approval of the 1994 budget package by the lower house of parliament. The budget will now move to the Senate and market participants are hoping for a swift approval before the December 23 deadline.

This spurred fresh hopes for a ½-point cut in the 8 per cent discount rate, with some observers saying it might happen before the end of the year. "A couple of years ago the Italians cut rates on December 20 and last year they cut on December 22 - they're quite keen on last-minute moves," said Ms Alison Cottrell, European economist at Midland Global Markets.

However, other analysts said they expect Italy to wait until the Bundesbank lowered German interest rates again.

"The Organisation of Co-operation and Development (OECD) in its twice-yearly Economic Outlook yesterday said that, assisted by increased fiscal stringency as well as income restraint, monetary policy in Italy is set to ease, with nominal interest rates falling in line with German ones.

Italy's currency was further boosted by market rumors that the country's credit rating was about to be upgraded. However, Moody's Investors Service, who have rated Italian government debt single-A-1, said the country's credit ratings are not currently under review.

The Lira closed at L980.0 against the D-Mark, up from L985.8 at Friday's close.

● The D-Mark softened across the board in thin, trendless dealings.

The French franc rose to a new high since August's revamp of the European exchange rate mechanism, hitting a high at FFr3.4066 against the D-Mark. It ended at FFr3.409, up from FFr3.424 on Friday. Data showing a FFr9.04bn French current account surplus in September lent support to the franc, an analyst said.

At its latest money-market operation, the Bank of France drained FFr7.9bn and left its intervention rate at the tender unchanged at 6.20 per cent.

The Belgian franc also firmed against the D-Mark, closing at BFr20.75, from BFr20.91 on Friday.

The dollar rose to DM1.7135 from 1.7045 on Friday.

The German money market remained tight as seasonal pressures pushed the overnight rate towards 6.20 per cent, prompting another injection of temporary liquidity by the Bundesbank via its Paragraph 17 facility. The Bundesbank today is due to call for bids on two-week securities repurchase agreements at a fixed 6 per cent, for allocation tomorrow.

● The sterling money market had a "pretty peaceful day" thanks to a relatively small shortage, a money dealer said.

The Bank of England announced a shortage of £650m which it later revised upward to £850m. In its morning operation it purchased bills totalling £165m: £40m of band 1 bank bills and 125 band 2 bank bills at 5⅜ per cent. In the afternoon round it bought a further £211m of band 1 and 2 bills, and finally provided late assistance of around £430m.

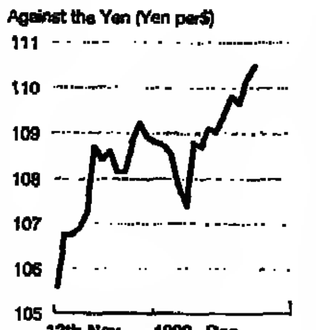
The March short sterling futures contract rose 0.01 point to 94.81.

The pound ended little changed at DM2.5450, up from DM2.5425 on Friday.

The Treasury's announcement that it plans to repay the Ecu6.0bn seven-year revolving bank credit arranged in September 1992, had no impact on the money market. "I don't think this has any practical implications for the money market," another trader said.

Dollar

Against the Yen (Yen per $)



Source: Datastream

£ Pound in New York

Dec 20	—Latest—	— Prev. close —
£ spot	1.4870	1.4865
1 mth	1.4835	1.4832
3 mth	1.4780	1.4802
1 yr	1.4656	1.4665

POUND SPOT FORWARD AGAINST THE POUND

Dec 20		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.90	-	788 - 792	17.92	17.82	17.9037	-0.3	17.9131	-0.2	-	-	114.2
Belgium	(BFr)	52.80	-0.2	276 - 285	53.05	52.75	52.905	-2.4	53.055	-2.0	53.39	-1.1	114.1
Denmark	(DKr)	9.9850	+0.006	600 - 700	9.9970	9.9530	9.9922	-0.3	10.0192	-2.2	10.0829	-1.2	115.8
Finland	(FM)	8.6045	-0.0275	895 - 195	8.6295	8.5865	-	-	-	-	-	-	79.3
France	(FFr)	8.6750	-0.015	700 - 800	8.6655	8.6985	8.6836	-1.2	8.6993	-1.1	8.7249	-0.6	108.4
Germany	(DM)	2.5450	+0.0025	400 - 500	2.5490	2.5355	2.5469	-0.9	2.5496	-0.7	2.5505	-0.2	123.4
Greece	(Dr)	365.25	-0.35	510 - 540	365.70	364.40	-	-	-	-	-	-	-
Ireland	(I£)	1.0485	-0.001	480 - 500	1.0546	1.0480	1.05	-0.6	1.0815	-0.8	1.0592	-0.5	102.3
Italy	(L)	2494.50	-17.75	400 - 500	2502.85	2494.00	2500.45	-2.8	2511.5	-2.8	2561.9	-2.7	76.3
Luxembourg	(LFr)	52.80	-0.2	275 - 285	53.05	52.73	52.905	-2.4	53.055	-2.0	53.39	-1.1	114.1
Netherlands	(Fl)	2.8625	+0.005	475 - 575	2.8575	2.8465	2.853	-0.2	2.8536	-0.2	2.8502	0.1	118.9
Norway	(NKr)	11.0325	-0.005	275 - 375	11.0550	10.9980	11.0387	-0.7	11.0326	-0.4	11.0327	0.0	95.9
Portugal	(Es)	259.50	-	900 - 100	260.00	259.00	260.785	-5.9	263.24	-5.8	-	-	-
Spain	(Pta)	208.65	-0.3	850 - 850	209.25	208.30	209.435	-4.5	210.82	-3.6	216.02	-3.1	85.2
Sweden	(SKr)	12.4625	-0.006	675 - 975	12.5425	12.1680	12.617	-2.4	12.548	-1.8	12.6785	-1.5	72.8
Switzerland	(SFr)	2.1725	+0.005	675 - 775	2.1775	2.1675	2.1701	1.3	2.1665	1.1	2.146	1.2	117.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	81.5
Ecu	-	1.3170	-0.0005	165 - 175	1.3190	1.3155	1.3164	-1.3	1.3201	-1.0	1.3246	-0.6	-
SDR†	-	0.950034	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4822	-0.0048	820 - 825	1.4850	1.4810	-	-	-	-	-	-	-
Brazil	(Cr)	424.17	+4.82	415 - 420	425.00	418.00	-	-	-	-	-	-	-
Canada	(C$)	1.9930	-0.0025	925 - 935	1.9935	1.9880	1.9897	2.0	1.9861	1.4	1.9799	0.7	90.4
Mexico	(New Peso)	4.6110	-0.014	085 - 135	4.7105	4.6000	-	-	-	-	-	-	-
USA	($)	1.4855	-0.0055	850 - 860	1.4880	1.4840	1.482	2.8	1.4774	2.2	1.4651	1.4	67.3
Pacific/Middle East/Africa													
Australia	(A$)	2.1570	-0.011	560 - 580	2.1945	2.1650	2.1651	1.1	2.1631	0.7	2.1634	0.2	-
Hong Kong	(HK$)	11.4722	-0.0348	712 - 730	11.4930	11.4650	11.4496	2.4	11.4171	1.9	11.2374	1.2	-
India	(Rs)	46.65	-0.05	580 - 670	46.70	46.55	-	-	-	-	-	-	-
Japan	(Y)	164.25	-	400 - 450	164.65	163.40	163.73	3.8	162.84	3.4	156.835	3.3	177.5
Malaysia	(M$)	3.7985	-0.009	880 - 890	3.7955	3.7680	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6440	-0.01	425 - 455	2.6620	2.6440	2.6475	-1.6	2.6486	-0.6	2.6508	-0.3	-
Philippines	(Peso)	40.22	-1.48	010 - 035	40.35	40.10	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5710	-0.02	695 - 725	5.5820	5.5705	-	-	-	-	-	-	-
Singapore	(S$)	2.3660	-0.006	655 - 665	2.3705	2.3645	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0317	-0.0103	305 - 330	5.0410	5.0260	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.6082	-0.0418	010 - 155	6.6895	6.6010	-	-	-	-	-	-	-
South Korea	(Won)	1205.47	-2.03	025 - 070	1207.85	1204.52	-	-	-	-	-	-	-
Taiwan	(T$)	39.47	-0.12	940 - 955	39.70	39.40	-	-	-	-	-	-	-
Thailand	(Bt)	37.78	-0.12	770 - 785	37.85	37.70	-	-	-	-	-	-	-

†SDR rate for Dec 17. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. The FT Guide to World Currencies will be published on 20/12/93 containing rates for 24/12/93. Rates for the 31/12/93 will be published on 1/1/94 & repeated on 4/1/94.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Dec 20		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Morgan G'ty chges %
Europe													
Austria	(Sch)	12.0575	+0.08	550 - 600	12.0700	12.0200	12.0627	-2.5	12.1262	-2.3	12.2295	-1.4	+16.30
Belgium	(BFr)	35.55	-0.15	550 - 600	35.76	35.60	35.705	-5.2	35.925	-4.2	36.45	-2.5	-0.18
Denmark	(DKr)	6.7075	+0.0275	050 - 100	6.7105	6.6850	6.7417	-6.1	6.7617	-4.4	6.8615	-2.5	+10.45
Finland	(FM)	5.7943	+0.0053	840 - 045	5.8085	5.7775	5.8103	-3.3	5.8333	-2.7	5.8898	-1.6	-
France	(FFr)	5.8450	+0.0125	375 - 425	5.8465	5.8300	5.8598	-4.0	5.8837	-3.3	5.9095	-2.0	-7.27
Germany	(DM)	1.7135	+0.008	130 - 140	1.7170	1.7085	1.7188	-3.7	1.7261	-2.9	1.7412	-1.6	+31.45
Greece	(Dr)	245.95	-0.95	585 - 605	246.10	245.30	249.95	-19.5	257.95	-19.6	292.95	-19.1	-
Ireland	(I£)	1.4140	-0.008	135 - 145	1.4165	1.4085	1.4096	3.7	1.4033	3.0	1.385	2.0	-
Italy	(L)	1679.25	-5.75	900 - 950	1689.00	1677.95	1687.25	-5.7	1700.25	-5.0	1748.75	-4.1	-37.93
Luxembourg	(LFr)	35.55	-	550 - 600	35.76	35.60	35.705	-5.2	35.925	-4.2	36.45	-2.5	-0.18
Netherlands	(Fl)	1.9195	+0.0105	190 - 200	1.9240	1.9160	1.9243	-3.0	1.931	-2.4	1.9446	-1.3	+21.25
Norway	(NKr)	7.4275	+0.025	250 - 300	7.4420	7.4030	7.4605	-3.7	7.4732	-2.5	7.5346	-1.4	-17.84
Portugal	(Es)	175.10	+1.05	505 - 515	175.60	174.70	176.43	-9.1	178.57	-7.9	186.35	-6.4	-
Spain	(Pta)	140.50	+0.4	045 - 055	140.70	140.25	141.36	-7.3	142.64	-5.8	148.8	-4.5	-
Sweden	(SKr)	8.4100	+0.0275	075 - 125	8.4490	8.3835	8.4465	-5.2	8.492	-3.9	8.643	-2.8	-39.28
Switzerland	(SFr)	1.4625	+0.008	620 - 630	1.4655	1.4580	1.4643	-1.5	1.4688	-1.1	1.4647	-0.2	+26.94
UK	(£)	1.4855	-0.0055	850 - 860	1.4880	1.4840	1.482	2.8	1.4774	2.2	1.4651	1.4	-28.17
Ecu	-	1.1275	-0.0045	270 - 280	1.1300	1.1260	1.1257	1.9	1.1184	3.2	1.1058	1.9	-
SDR†	-	1.38486	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9983	+0.0002	980 - 985	0.9985	0.9970	-	-	-	-	-	-	-
Brazil	(Cr)	285.67	+4.02	565 - 570	285.70	285.65	-	-	-	-	-	-	-
Canada	(C$)	1.3420	+0.004	416 - 425	1.3430	1.3375	1.3429	-0.8	1.3445	-0.7	1.351	-0.7	-11.69
Mexico	(New Peso)	3.1050	-	040 - 060	3.1110	3.1040	3.1067	-0.7	3.1106	-0.7	3.125	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	-
Pacific/Middle East/Africa													
Australia	(A$)	1.4725	-0.003	720 - 730	1.4755	1.4700	1.4737	-1.0	1.4767	-1.1	1.4848	-0.8	-45.94
Hong Kong	(HK$)	7.7255	-	250 - 260	7.7265	7.7240	7.7265	-0.2	7.7307	-0.3	7.7592	-0.2	-
India	(Rs)	31.3800	-0.0075	600 - 700	31.3825	31.3700	31.44	-3.1	31.645	-3.6	-	-	-
Japan	(Y)	110.55	+0.45	050 - 060	110.80	109.90	110.455	1.0	110.205	1.2	108.395	1.9	+117.56
Malaysia	(M$)	2.5512	+0.0017	510 - 515	2.5515	2.5505	2.5542	-1.4	2.5622	-1.7	2.6037	-2.1	-
New Zealand	(NZ$)	1.7803	-0.0017	790 - 815	1.7900	1.7765	1.7815	-0.9	1.7847	-1.0	1.7926	-0.7	-
Philippines	(Peso)	27.00	-1	685 - 705	26.05	27.05	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7535	-0.007	550 - 570	3.7570	3.7490	3.7545	-3.5	3.762	-3.0	3.8065	-1.4	-
Singapore	(S$)	1.5930	+0.0008	930 - 935	1.5930	1.5945	1.5956	1.6	1.5924	0.2	1.5968	-0.2	-
S Africa (Com.)	(R)	3.3882	+0.0052	870 - 890	3.3905	3.3840	3.4057	-6.2	3.435	-5.5	3.5477	-4.7	-
S Africa (Fin.)	(R)	4.4475	+0.0175	400 - 550	4.4800	4.4300	4.4725	-6.7	4.5325	-7.8	-	-	-
South Korea	(Won)	811.75	+1.1	160 - 190	812.30	810.80	814.75	-4.4	818.25	-3.2	836.75	-3.1	-
Taiwan	(T$)	26.60	-	585 - 685	26.70	26.55	26.6585	-2.6	26.728	-1.9	-	-	-
Thailand	(Bt)	25.45	-	640 - 650	25.70	25.35	25.4875	-1.8	25.55	-1.6	25.9	-1.8	-

†SDR rate for Dec 17. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Dec 17; Base average 1980/82=100.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.87	16.43	4.820	1.987	4723	5.402	20.89	491.5	395.1	23.66	4.114	1.894	3.775	2.813	311.0	2.494
Denmark	(DKr)	52.99	10	8.705	2.554	1.053	2503	2.862	11.07	260.4	209.3	12.53	2.180	1.004	2.000	1.490	164.8	1.322
France	(FFr)	60.86	11.49	10	2.934	1.209	2875	3.288	12.71	299.1	240.5	14.40	2.504	1.153	2.297	1.712	189.3	1.518
Germany	(DM)	20.75	3.916	3.409	1	0.412	980.0	1.121	4.334	102.0	81.96	4.906	0.853	0.393	0.783	0.583	64.52	0.517
Ireland	(I£)	50.33	9.500	8.270	2.426	1	2378	2.719	10.51	247.4	198.8	11.91	2.071	0.953	1.900	1.416	156.5	1.255
Italy	(L)	2.117	0.400	0.348	0.102	0.042	100.	0.114	0.442	10.40	8.364	0.501	0.087	0.040	0.080	0.060	6.584	0.053
Netherlands	(Fl)	18.51	3.494	3.042	0.892	0.368	874.5	1	3.867	90.99	73.14	4.378	0.762	0.351	0.699	0.521	57.57	0.462
Norway	(NKr)	47.87	9.034	7.865	2.307	0.951	2261	2.586	10	235.3	189.1	11.32	1.969	0.907	1.807	1.346	148.9	1.194
Portugal	(Es)	20.35	3.840	3.343	0.981	0.404	961.1	1.099	4.250	100.	80.39	4.813	0.837	0.385	0.768	0.572	63.28	0.508
Spain	(Pta)	25.31	4.777	4.159	1.220	0.503	1196	1.367	5.288	124.4	100.	5.988	1.041	0.479	0.955	0.712	78.72	0.631
Sweden	(SKr)	42.27	7.978	6.946	2.038	0.840	1997	2.283	8.831	207.8	167.0	10	1.739	0.801	1.595	1.189	131.5	1.054
Switzerland	(SFr)	24.31	4.588	3.994	1.172	0.483	1148	1.313	5.078	119.5	96.04	5.750	1	0.460	0.918	0.684	75.60	0.606
UK	(£)	52.80	9.965	8.675	2.545	1.049	2494	2.852	11.03	259.5	208.6	12.49	2.172	1	1.993	1.485	164.2	1.317
Canada	(C$)	26.49	5.000	4.353	1.277	0.526	1251	1.431	5.534	130.2	104.7	6.267	1.090	0.502	1	0.745	82.39	0.661
US	($)	35.56	6.710	5.842	1.714	0.706	1679	1.921	7.428	174.7	140.5	8.411	1.463	0.673	1.342	1	110.6	0.887
Japan	(Y)	321.6	60.69	52.83	15.50	6.390	15189	17.37	67.17	1580	1270	76.07	13.23	6.090	12.14	9.044	1000.	8.021
Ecu		40.09	7.566	6.587	1.932	0.797	1894	2.166	8.375	197.0	158.4	9.484	1.649	0.759	1.513	1.128	124.7	1

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Dec 20	Ecu cen. rates	Rate against Ecu on day	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.16531	+0.00404	-1.43	4.06	-
Ireland	0.808628	0.797111	+0.000471	-1.42	4.05	10
Germany	1.94964	1.93341	+0.00342	-0.83	3.43	-
Belgium	40.2123	40.2155	-0.0392	0.01	2.56	0
France	6.53883	6.58882	-0.00852	0.76	1.79	-6
Denmark	7.43679	7.57016	+0.00645	1.79	0.76	-12
Portugal	192.854	187.197	+0.063	2.25	0.31	-15
Spain	154.250	158.210	-0.421	2.57	0.00	-18
NON ERM MEMBERS						
Greece	264.513	277.352	+0.147	4.85	-2.18	-
Italy	1793.19	1900.59	-8.53	5.99	-3.23	-
UK	0.786749	0.759263	+0.000329	-3.49	6.28	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5812	0.5785	-0.0032	0.5812	0.5783	27,832	124,583
Jun	0.5755	0.5753	-0.0029	0.5758	0.5755	28	2,803
Sep	-	0.5769	-	-	-	20	129

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.9114	0.9085	-0.0033	0.9116	0.9082	25,071	83,740
Jun	0.8100	0.9103	-0.0029	0.9107	0.9100	522	2,572
Sep	-	0.9184	-0.0047	-	-	1	183

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6825	0.6811	-0.0022	0.6828	0.6805	10,178	34,926
Jun	0.6810	0.6805	-0.0016	0.6810	0.6795	11	196
Sep	-	0.6872	+0.0002	-	-	3	24

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.4812	1.4770	-0.0018	1.4812	1.4762	9,821	22,718
Jun	1.4730	1.4730	-0.0004	1.4730	1.4730	484	780
Sep	-	1.4670	-	-	1.4640	1	5
Dec	-	1.4640	-	-	1.4630	3	1

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jan	Feb	Mar	PUTS Jan	Feb	Mar
1.400	8.03	8.02	8.19	-	0.23	0.63
1.425	5.70	5.92	6.28	0.09	0.57	1.15
1.450	3.58	4.09	4.67	0.41	1.18	1.92
1.475	1.89	2.56	3.14	1.14	2.14	2.93
1.500	0.80	1.53	2.12	2.54	3.49	4.34
1.525	0.28	0.82	1.33	4.43	5.27	6.03

Previous day's vol., Calls 4,088 Puts 6,257 . Prev. day's open int., Calls 466,249 Puts 394,833

MONEY RATES

December 20	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	7⅜	7⅜	7¼	6⅞	6⅝	7.50	5.25	-
week ago	7⅛	7¼	7¼	6⅝	6⅝	7.50	5.25	-
France	6⅞	6⅞	6⅝	6⅝	5⅞	6.20	-	7.75
week ago	6⅞	6⅞	6⅞	6⅝	5⅞	6.20	-	7.75
Germany	6.12	6.10	6.05	5.73	5.30	6.75	5.75	6.00
week ago	6.10	6.30	6.03	5.68	5.28	6.75	5.75	6.00
Ireland	6⅝	6⅝	6⅝	5⅞	5⅞	-	-	6.75
week ago	6⅝	6⅝	6⅝	5⅝	5⅝	-	-	6.75
Italy	9⅜	9⅛	8⅞	8⅝	8⅛	-	8.00	8.66
week ago	9⅛	8⅞	8⅞	9⅛	8⅞	-	8.00	8.57
Netherlands	5.21	5.93	5.67	5.30	5.09	-	5.25	-
week ago	5.83	5.93	5.53	5.22	5.00	-	5.25	-
Switzerland	4⅛	4⅛	4⅛	4	3⅞	6.625	4.25	-
week ago	4⅝	4⅛	4⅛	3⅞	3⅝	6.625	4.25	-
US	3	3⅛	3⅜	3⅛	3⅝	-	3.00	-
week ago	2⅞	3⅛	3⅛	3⅜	3⅝	-	3.00	-
Japan	2⅝	2⅜	2⅛	1⅞	1⅞	-	1.75	-
week ago	2⅝	2⅜	2⅜	1⅞	1⅞	-	1.75	-
■ S LIBOR FT London								
Interbank Fixing	-	3⅛	3⅛	3⅜	3⅝	-	-	-
week ago	-	3⅛	3⅛	3⅛	3⅝	-	-	-
US Dollar CDs	-	2.98	3.06	3.18	3.52	-	-	-
week ago	-	2.98	3.07	3.19	3.52	-	-	-
SDR Linked Ds	-	3⅛	3⅛	3⅜	3⅝	-	-	-
week ago	-	3⅛	3⅛	3⅜	3⅝	-	-	-

[illegible] US Treasury Bill Yield 2.11 Prime Rate 6pc $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Dec 20	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	7¾ - 7⅝	7⅝ - 7⅜	7⅜ - 7⅛	7¼ - 7⅛	6⅞ - 6⅝	6⅝ - 6⅜
Danish Krone	11½ - 8¼	8 - 7⅞	8 - 7⅞	7⅞ - 7⅝	7 - 6¾	6⅞ - 6⅝
D-Mark	6¼ - 6⅛	6¼ - 6⅛	6⅛ - 6⅛	6⅛ - 6⅛	5⅞ - 5¾	5¼ - 5⅛
Dutch Guilder	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	5⅝ - 5⅝	5¾ - 5⅛	5 - 4⅞
French Franc	6¼ 6⅛	6¾ - 6⅝	6⅝ - 6⅝	6⅝ - 6⅝	6⅛ - 6⅛	5⅞ - 5⅞
Portuguese Esc.	11¼ 11	11½ - 11¼	11⅝ - 11⅜	11⅝ - 11⅛	11¼ - 10¾	10¼ - 10¼
Spanish Peseta	9⅝ - 9⅜	10½ - 9⅞	10¼ - 9⅞	9⅛ - 8⅞	8⅝ - 8⅜	8⅛ - 8
Sterling	5⅝ - 5¼	5⅞ - 5⅝	5⅜ - 5⅜	5⅜ - 5⅜	5⅜ - 5¼	5¼ - 5⅛
Swiss Franc	4⅞ - 4⅝	4⅝ - 4⅛	4⅝ - 4⅛	4⅛ - 4⅛	4⅛ - 4	3⅞ - 3⅝
Can. Dollar	4⅛ - 4	4⅛ - 4⅛	4⅛ - 3⅞	4⅛ - 3⅞	4⅛ - 4⅛	4⅛ - 4⅛
US Dollar	3⅛ - 2⅞	3⅛ - 2⅞	3⅛ - 3⅛	3⅛ - 3⅛	3⅛ - 3⅛	3⅝ - 3⅝
Italian Lira	10 8	8⅝ - 8⅛	8⅝ - 8⅝	8⅝ - 8⅛	8⅛ - 8⅛	8⅛ - 8⅛
Yen	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2	1⅞ - 1⅝	1⅞ - 1⅝
Asian $Sing	3⅛ - 2⅛	3⅛ - 2⅛	3⅛ - 2⅛	4 - 3	4 - 3	4⅛ - 3⅛

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.18	94.19	+0.05	94.21	94.17	8,634	115,784
Jun	94.69	94.70	+0.05	94.73	94.67	4,444	58,087
Sep	95.10	95.11	+0.05	95.14	95.10	2,976	35,340
Dec	95.33	95.34	+0.05	95.37	95.33	1,494	24,282

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.51	96.53	-	96.51	96.50	631	5112
Jun	96.14	96.15	+0.01	96.15	96.12	251	2303
Sep	95.81	95.81	+0.02	95.83	95.80	10	751
Dec	95.47	95.41	-0.01	95.42	95.42	1	199

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.47	94.46	-	94.50	94.45	11607	214692
Jun	94.97	94.97	+0.01	95.00	94.97	8319	146886
Sep	95.38	95.37	+0.01	95.40	95.38	4965	112551
Dec	95.60	95.59	+0.01	95.62	95.57	1845	82348

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.05	92.18	+0.18	92.21	92.05	6844	50605
Jun	92.50	92.57	+0.13	92.60	92.50	2064	22806
Sep	92.80	92.88	+0.15	92.90	92.78	851	22206
Dec	92.95	93.02	+0.15	93.03	92.95	277	4457

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.17	96.17	+0.01	96.21	96.16	2799	37430
Jun	96.47	96.44	+0.02	96.47	96.42	65	11738
Sep	96.55	96.52	+0.02	96.56	96.50	137	4791
Dec	96.59	96.53	-	96.59	96.49	46	495

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.12	94.13	+0.05	94.14	94.11	688	14006
Jun	94.61	94.65	+0.05	94.65	94.61	218	8461
Sep	95.04	95.07	+0.06	95.07	95.03	381	4323
Dec	95.30	95.35	+0.06	95.32	95.30	535	1660

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.53	96.49	-0.01	96.53	96.49	40,534	402,719
Jun	96.17	96.14	-0.02	96.17	96.13	62,117	327,431
Sep	95.83	95.82	-0.03	95.83	95.81	36,681	246,256
Dec	95.41	95.40	-0.03	95.41	95.40	18,904	163,253

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.81	96.80	-0.01	96.82	96.80	5,209	28,473
Jun	96.54	96.53	-0.01	96.54	96.53	808	4,724
Sep	-	96.26	-	-	96.26	60	256

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9425	0.25	0.75	1.15	0.04	0.03	0.03
9450	0.10	0.52	0.92	0.14	0.05	0.05
9475	0.03	0.32	0.63	0.32	0.10	0.07

Est. vol. total, Calls 7513 Puts 3191. Previous day's open int., Calls 141430 Puts 76721

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9600	0.20	0.49	0.58	0.03	0.05	0.06
9625	0.06	0.29	0.39	0.16	0.10	0.12
9650	0.03	0.13	0.23	0.38	0.19	0.21

Est. vol. total, Calls 345 Puts 0. Previous day's open int., Calls 1258 Puts 2200

UK INTEREST RATES

LONDON MONEY RATES

Dec 20	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	8¼ - 5⅜	5⅞ - 5⅞	5⅜ - 5½	5⅝ - 5⅜	5⅜ - 5¼	5¼ - 5⅛
Sterling CDs	-	-	5⅝ - 5⅜	5⅜ - 5⅜	5⅜ - 5⅛	5⅛ - 5
Treasury Bills	-	-	5¼ - 6⅛	5 - 4⅞	-	-
Bank Bills	-	-	5⅜ - 5⅞	5⅜ - 5⅜	5⅛ - 5	-
Local authority deps.	5⅞ - 5⅞	5⅞ - 5⅞	5⅞ - 5⅜	5⅜ - 5⅜	5⅜ - 5⅜	5⅛ - 5⅛
Discount market deps.	8 - 5½	5⅞ - 5⅝	-	-	-	-

UK clearing bank base lending rate 5½ per cent from November 23, 1993

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1¾	4¼	4	3¾	3¾

Certs of Tax dep. under £100,000 is 2¼pc. Deposits withdrawn for cash 1pc.
Ave. tender rate of discount 4.8683pc. ECGD fixed rate Stg. Export Finance. Make up day November 30, 1993. Agreed rate for period Dec 26, 1993 to Jan 25, 1994, Scheme II & III 6.90pc. Reference rate for period Oct 30, 1993 to Nov 30, 1993, Scheme IV & V 5.518pc. Finance House Base Rate 6pc from Dec 1, 1993

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.81	94.81	+0.01	94.87	94.79	15471	116530
Jun	95.01	95.01	+0.01	95.06	95.00	4367	96452
Sep	95.11	95.08	-	95.12	95.08	3043	49162
Dec	95.10	95.09	-	95.12	95.06	3853	43827

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9475	0.18	0.30	0.51	0.12	0.13	0.18
9500	0.09	0.24	0.36	0.28	0.23	0.28
9525	0.03	0.13	0.22	0.47	0.37	0.39

Est. vol. total, Calls 1954 Puts 1270. Previous day's open int., Calls 88310 Puts 86358

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	6
Allied Trust Bank	5.5	Exeter Bank Limited	7	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.5
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Standard Chartered	5.5
Bank of Baroda	5.5	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	●United Bk of Kuwait	5.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk.	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Wimbledon & Sth West.	7
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai.	5.5		
●Brown Shipley	5.5	Julian Hodge Bank	5.5		
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5		
Citibank NA	5.5	Lloyds Bank	5.5		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	* Mount Banking	6		
Coutts & Co	5.5	NatWestminster	5.5		
Credit Lyonnais	5.5	●Rea Brothers	5.5		
Cyprus Popular Bank	5.5				

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

Coutts & Co [illegible]
Dao Heng Bank (London) PLC Premier Acc [illegible]
CAF Money Management Co Ltd [illegible]
The CBF Charities Deposit Account [illegible]
Fidelity Money Market Account [illegible]
Cent. Bd. of Fin. of Church of England [illegible]
Gartmore Money Management Ltd [illegible]
Halifax Bldg Soc Asset Reserve Cheque Acc [illegible]

Money Market Bank Accounts

[illegible]

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

هكذا من الأصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Dec 20 / Sch)

BELGIUM/LUXEMBOURG (Dec 20 / Frs.)

DENMARK (Dec 20 / Kr)

FINLAND (Dec 20 / Mkk)

FRANCE (Dec 20 / Frs.)

GERMANY (Dec 20 / Dm.)

ITALY (Dec 20 / Lire)

NETHERLANDS (Dec 20 / Fls.)

NORWAY (Dec 20 / Kroner)

SPAIN (Dec 20 / Pta.)

SWEDEN (Dec 20 / Kronor)

SWITZERLAND (Dec 20 / Frs.)

PACIFIC

JAPAN (Dec 20 / Yen)

HONG KONG (Dec 20 / H.K.$)

MALAYSIA (Dec 20 / MYR)

SINGAPORE (Dec 20 / S$)

AUSTRALIA (Dec 20 / Aust$)

NORTH AMERICA

CANADA

TORONTO (Dec 20 / Can $) 4 pm close

MONTREAL (Dec 20 / Can $) 4 pm close

AFRICA

SOUTH AFRICA (Dec 20 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. 2 Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Monday, December 20, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	5.6m	297	-8	Suzuki Motor	2.7m	1,010	-50
Fujitsu	3.4m	818	-34	Itochu	2.1m	553	-31
Osaka Gas	3.0m	481	-18	Hitachi	2.0m	819	-18
Toshiba	2.9m	895	-4	NKK	2.0m	233	-12
Matsushita El Ind	2.8m	1,480	-50	Sony	2.0m	5,440	-70

INDICES

US INDICES

■ RATIOS

	Dec 15	Dec 3	Nov 26	Year ago
Dow Jones Ind. Div. Yield	2.67	2.70	2.71	5.12
	Dec 15	Dec 8	Dec 1	Year ago
S & P Ind. Div. yield	2.45	2.39	2.41	2.58
S & P Ind. P/E ratio	27.18	27.41	27.08	26.78

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Mar	466.95	466.80	-0.15	467.35	466.20	38,627	172,864
Jun	467.80	467.65	-0.20	467.65	467.35	229	2,839
Sep	468.30	468.90	-1.00	468.90	468.30	4	698

Open interest figures are for previous day.

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett.Price	Change	High	Low	Est. vol.	Open Int.
Dec	2222.0	2235.0	+63.5	2237.5	2222.0	20,327	32,749
Jan	2229.5	2248.5	+63.5	2249.0	2232.5	4,542	15,022
Feb	2244.5	2258.5	+63.0	2244.5	2244.5	1	150
Mar	2259.0	2270.5	+63.5	2272.0	2257.0	3,417	23,969

Open interest figures for previous day.

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Merry Go Rd	12,018,000	2⅝	-¼
IBM	5,761,100	55⅝	+2⅛
Merck	4,691,600	33⅝	+½
Wal-Mart	3,613,300	27⅛	+⅛
Philip Morris	3,449,200	55	+⅝
East Kodak	3,407,600	55⅛	+1
Am T & T	3,272,600	54½	-⅜
Fruit Of Loom	2,979,700	24	-⅛
Unisys	2,852,800	15	+¼
Boeing	2,756,100	44½	+⅜

■ TRADING ACTIVITY

● Volume (million)

	Dec 17	Dec 16	Dec 15
New York SE	357.031	283.689	307.544
Amex	19.108	17.232	17.402
NASDAQ	(a)	286.973	287.595
NYSE			
Issues Traded	2,702	2,711	2,707
Rises	1,465	1,130	882
Falls	646	944	1,168
Unchanged	591	637	657
New Highs	78	52	46
New Lows	44	63	54

‡ Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. † The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close December 20

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
15	11½	AAR	0.48	3.4	475	165	14½	14⅛	14¼	-¼
29⅛	12¾	A L Labs A	0.18	1.3	31	387	13⅝	13½	13⅝	-⅛
67¼	54⅛	AMP	1.08	2.6	21	2088	62⅛	60⅞	61½	-⅛
72¾	55½	AMR			52	1920	67¼	66¼	66½	-⅞
3⅞	1¾	ARX			14	123	3¾	3½	3⅛	-⅛
51½	39⅞	ASA	2.00	4.1	32	868	49⅛	48⅛	48⅞	-¼
30¾	22⅝	AbbotL	0.68	2.4	17	7786	29	28¼	28⅞	+½
12⅝	8¼	Abitibi Pr	0.50	4.3	7	5	11¾	11⅝	11⅝	-¼
15⅝	8¼	Acptncoln			19	938	11⅞	11¼	11⅞	+⅛
36	25½	ACE Ltd	0.40	1.4	5	509	28⅝	28¼	28¼	-⅜
12¼	10¾	ACM Gvt In x	1.09	8.9		344	u12¼	12⅛	12¼	
10⅞	9⅛	ACM GvOpp x	0.80	8.8		57	9⅞	9⅝	9¾	
16⅞	8¾	ACM Gvt Sp x	0.96	9.8		532	10⅛	9⅞	10	-⅛
12	10½	ACM Gvt Se x	1.09	9.1		274	u12	11⅞	12	
12¼	9⅝	ACM Mun x	1.08	9.7		157	11⅛	11	11⅛	+⅛
9⅞	8⅝	ACM Managd x	0.72	8.0		133	9⅛	9	9	
12⅞	7¾	AcmeClv	0.44	4.6	12	38	9⅝	9½	9⅝	
11⅞	8⅝	Acme Elect			39	26	8	8⅝	8⅝	-⅛
27⅝	18⅝	Acordia	0.44	1.8	13	77	24	24	24	
18	10⅜	Acuson			58	580	12¼	13	13	-⅛
21¾	17¾	Adams Expr	0.52	2.9	8	167	18	17⅞	18	
68⅛	45½	Ad Micro	3.00	8.3		355	47⅞	47⅛	47⅞	+⅛
32¾	17⅛	AdvMic	3.00	16.9	8	4122	18⅛	17¾	17¾	-¼
8⅛	5½	Advest Grp	0.16	2.4	12	55	6¾	6⅝	6¾	
24¾	14¼	Advo Inc	0.08	0.5	30	939	17⅛	16¾	16⅞	-½
55¼	41⅛	Aegon ADR	1.23	2.2	12	11	55	54⅝	55	+¼
68¼	43⅞	AetnaL	2.76	4.6	26	1188	60⅝	59¾	60⅛	-⅛
34	24¾	Aflac	0.40	1.5	12	1115	27½	26½	26⅞	-⅝
22⅞	16¾	Ahmnsn	0.88	4.6	8	952	19¾	19⅛	19¼	-¼
7⅞	2⅛	Aileen Inc			4	315	4	d3⅝	3⅝	-⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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4 pm close December 20

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
22	15½	S Anita Rt	1.36	7.7	12	84	18	17⅝	17⅝	-⅛
20¾	12¼	SCOR US Cp	0.32	2.5	180	29	12⅝	d12½	12⅝	-⅛
30⅛	15¾	SPS Tc	1.28	7.0	7	303	18⅝	17¾	18⅛	+⅞
18⅝	12⅞	Sabine Rlt x	0.96	2.9	0	62	14⅛	14	14	-⅛
16½	8⅞	Safecard	0.20	1.2	14	880	16⅝	16	16¼	
28	16⅞	Safeg'd Sc			11	27	25½	25	25	-½
24¾	13⅜	Sftykl	0.36	2.0	27	1183	17⅞	17⅛	17¾	+¼
22¾	10⅞	Safeway			29	3480	19⅝	18⅝	18⅞	-⅝
5¾	2	SafewayWDG	-			36	4⅛	4⅛	4⅛	-⅛
56	37½	StJoePaper	0.20	8.4	286	25	51¾	51	51	-⅞
37⅞	29⅛	StJoeLAP	1.76	8.0	12	16	29⅝	28½	29½	
98	75	StPaul	2.80	3.1	14	873	89¾	88⅞	89⅝	-⅛
11⅝	6½	Salant Crp			8	354	6⅝	d6⅛	6⅞	-⅛
75¾	39⅞	Sallie Mae	1.40	3.2	9	4168	43⅝	42⅝	43⅛	-⅛
14⅞	12⅞	Salomon Br	0.55	4.4		477	12⅞	d12⅝	12⅝	+½
51⅞	34	Salomon	0.64	1.4	11	687	47½	47⅛	47⅜	-¼
27⅞	23¾	SnDgGE	1.48	5.9	13	272	25	24⅞	24⅞	-⅛
5	3½	SantaFeEDv	0.40	8.2	48	10	4⅞	4⅞	4⅞	-¼
11⅞	8⅛	SantaFeEnRs	1.40	15.3	304	2585	9¼	8⅞	9⅛	+⅛
40¾	35¼	SantaFePac	2.80	7.4	18	54	38½	38	38	-⅛
22¾	12¾	SanFeP	0.70	0.5	9	2851	u22¼	21¾	21¾	
31⅛	21	SaraLee	0.64	2.5	18	6272	25⅞	25⅝	26	+⅛
52¾	40⅛	Scana Corp	2.74	5.5	13	183	49⅞	48⅝	49⅝	+¼
25¾	18⅞	Scecrp	1.42	6.8	14	5832	21	20⅝	20¾	-⅝
38⅞	23⅞	ScherarRP			28	1087	38⅛	35⅛	35½	+½
71	51¾	SchPl	1.00	2.8	15	4152	64¼	63½	64¼	+½
60⅞	55⅛	Schlmb	1.28	2.1	22	4641	58	57¼	57⅝	+¼
38⅝	16½	Schwab(C)	0.20	0.6	18	437	34⅞	34	34⅛	-⅛
7¾	5⅜	Schwitzer				85	11	6⅛	6	-⅛

- T -

1993 High	Low	Stock	Div.	Yld. %
9½	5⅞	TCBY Enter	0.20	3.0
40	27¾	TCF Financ	0.75	2.1
10⅝	8¾	TCW Conv S	0.64	8.7
38	25⅞	TDK Corp A	0.47	1.3
3¼	1½	T 1S Mtge u	0.20	12.1
34¾	24½	TJX	0.50	1.7
19½	14⅝	TNP Enterp	1.63	0.4
69⅝	52½	TRW	1.88	2.6
25⅞	5¼	T2 Medcl	0.10	1.5
34½	17⅛	Taiwan Fd		
9	3⅛	Talleyind	0.42	6.8
14½	6½	Talley Pf	1.00	8.0
65	39½	Tambrds	1.68	3.8
18⅝	8½	Tandem		
45⅞	24⅝	Tandy	0.60	1.2
13½	11¼	Taurus Mun	0.73	6.5
25⅞	20¾	Teco Energ	0.90	4.2
27⅞	20⅛	Tktmx	0.80	2.8
8	1¼	Telecm		
27¾	18½	Teldyn	0.50	3.1
39¾	29½	TeleEspSA	1.82	4.1
63⅛	44⅝	Telmex	0.96	1.2
52½	37¼	Tmplnl	1.00	2.0
25⅞	14⅞	TempltEmMk	0.29	1.1
9⅛	7⅞	TempltGlob	0.72	8.5
0	7½	TempltGlFd x	0.60	7.9
55	38⅛	Tnneco	1.60	3.1
29½	21¾	Teppco Pn	2.28	8.3
29⅝	13	Teradyne		
11⅞	6¼	Terex	0.08	0.8
7⅛	3½	Terra Inds	0.06	1.2
7¾	3	Tesoro		

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AMEX COMPOSITE PRICES

4 pm close December 20

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Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Cal Engy		17	1344	17¾	17⅜	17⅜	
Calprop		0	83	⅞	⅞	⅞	-1/16
Cambrex	0.20	15	56	20¼	20¼	20¼	
Can Marc	0.23	14	20	10½	10⅛	10⅛	-½
Chmbrs A	0.01	8	792	4⅛	4	4 1/16	-1/16
Chambers		8	72	4⅛	4 1/16	4 1/16	
Garan	0.80	9	43	32¼	32¼	32⅜	-½
Giant FdA	0.70	17	428	25⅝	25	25½	
Glatflr	0.70	31	338	18¾	18⅝	18⅞	
Goldfield		11	125	9/16	d½	9/16	+1/16
Greenman		29	64	8½	8⅜	8½	
MSR Expl		2	80	11/16	9/16	9/16	
Nat Ptnt		10	314	4¾	4 9/16	4 11/16	+⅛
New Line		33	271	24	23⅞	24	+⅛
NY TmsA	0.56	78	519	28⅝	28¼	28⅜	-⅛
NthCanOil	0.20	17	26	9½	9¼	9¼	-¼
Weatherfd		28	1961	9⅜	9	9	-¼
Westamer	0.60	20	63	28¼	26	26	-½
WRET	1.12	18	286	13	12⅞	13	
Worthen	0.20	8	30	21⅝	21⅜	21½	-¼
Xytronix		8	533	8⅜	8⅞	8⅞	-⅝

NASDAQ NATIONAL MARKET

4 pm close December 20

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AMERICA

Dow flat in triple witching aftermath

Wall Street

US stocks were nudged into negative territory yesterday morning in a subdued pre-holiday trading session, *writes Frank McGurty in New York.*

At 1 pm, the Dow Jones Industrial Average was 0.84 lower at 3,750.73, while the more broadly based Standard & Poor's 500 was off 0.45 to 465.93. In the secondary markets, the American SE composite was down 0.81 at 463.39, but the Nasdaq composite inched 0.12 ahead to 759.35.

Volume on the NYSE was 153m shares. Declining issues led advances, 1,057 to 895.

Stocks opened lower but quickly reversed course in a pattern that typified trading on Monday mornings following "triple witching days", when the quarterly expiration of options and futures contracts generates heavy volume and exaggerates underlying market trends. On Friday, the Dow industrials gained 25.43 to 3,751.57.

However with no fresh macro-economic news due until later in the week, investors yesterday were left adrift with only the listless bond market to offer guidance.

Activity in US Treasuries was subdued ahead of today's keenly awaited meeting of the Federal Open Market Committee, in which the policy-making panel was expected to adopt a bias towards tighter money, shifting from its current stance of neutrality. By midday, the benchmark 30-year government bond was trading 3/32 lower at 99 11/32, to yield 6.289 per cent.

Stocks, which had advanced 8 points at mid-morning, changed direction once again and touched negative ground by midday.

Some cyclical issues, which should benefit most from improved economic conditions, gathered strength. Goodyear Tire added $1 1/8 to $44 1/2, Cummings Engine $1 to $52 1/4, Tennaco $3/8 to $51 3/8 and FMC $3/4 to $47. However, Allied Signal slipped $1/4 to $77 after Oppenheimer lowered its rating on the stock.

CPC International, the agricultural products company, was $1 higher at $47 5/8 after CS First Boston raised its rating to "buy" from "hold".

IBM dropped $3/4 to $58 3/4 on reports that technical problems would delay delivery of updated versions of its PS/2 personal computer models.

In banking stocks, Wells Fargo climbed $2 1/8 to $127 1/4 after Brown Brothers Harriman boosted its estimate of the company's 1994 earnings.

Borden was marked up $1/4 to $18 3/4 after reports that its directors were considering a plan to sell the ailing food and chemicals company, either as a whole or in parts.

On the Amex, US Bioscience plunged $1 1/4 to $9 amid concern that the US Food and Drug Administration would delay action on approving its Ethyol ovarian cancer medication.

Canada

Toronto was mainly steady at midday as the precious metals sector held on to earlier gains, while transportation weakened further.

The TSE 300 composite index was 0.95 lower at 4,222.63 at noon in turnover of 29.9m shares. Advancing issues led declines by 340 to 321, with 311 stocks unchanged.

Laidlaw helped to push the transportation index lower, the A shares falling C$1/4 to C$8 7/8.

SOUTH AFRICA

Golds were supported by a rising bullion price, the index adding 58 at 2,146. Industrials put on 7 at 5,171 and the overall index 35 at 4,636. De Beers ended R1.75 ahead at R105, off a high that followed better 1993 diamond sales figures.

EUROPE

Allianz fall gives pause to year-end rally talk

Bourses climbed again and excited observers talked about year-end rallies or, less ambitiously, about window dressing, *writes Our Markets Staff.*

However, a big line came out to test the Frankfurt market, and the response suggested a certain lack of fibre in many of yesterday's gains.

FRANKFURT saw several blue chips reach new highs, Daimler rising DM35.20 to DM789. The DAX index closed 27.14 higher at 2,178.16, and hit a new all-time intraday high of 2,190.87 in the post-bourse before ending at 2,188.18.

However, Allianz, one of the leaders of the recent upswing, fell DM20 to DM2,940. A major US investor decided to lock in some of its profits on the stock late last Friday, and a London market maker took 50,000 to 60,000 shares on board; about half of those were sold on yesterday, and professionals said that there was a message for the market in the insurer's share price action.

Metallgesellschaft continued to languish on concerns about management changes and the company's earnings position, falling DM23.10 to DM286.20.

There was little news on the corporate front, but construction stocks rose as new building orders in western Germany, boosted by homebuilding demand, showed rises of 2.3 per cent in the third quarter and 1.3 per cent in the first nine months of 1993; Hochtief and Philipp Holzmann both rose DM20, to DM1,070 and DM915 respectively.

PARIS came close enough to threaten a 1993 closing high nearly two months old, the CAC-40 index finishing 27.03, or 1.2 per cent higher at 2,223.47 against a peak of 2,231.86 on October 22.

Turnover rose from FFr4.42bn to FFr5.1bn. Michelin, the tyremaker, hit its own year's high, FFr6.30 higher at FFr205.30 after the French weekly, Le Journal des Finances, said that it was on the road to recovery following a positive note on the group from Lehman Brothers.

Recovery prospects on the US automotive scene were also good for Peugeot, up FFr20 at FDFr746, and the components manufacturer, Valeo, FFr44 higher at FFr1,289.

AMSTERDAM was fuelled by institutional demand, the CBS Tendency index adding 2.80, or 1.9 per cent to 146.10.

Unilever jumped Fl 5.70 to a year's high of Fl 223.60, due in part to its well-received acquisition of a majority stake in French ice-cream maker Miko.

ING peaked at an intraday Fl 92.90 before closing up Fl 3.00 at Fl 92.60 on switching from other financial stocks.

VNU, the publisher rose Fl 7.50 to a 1993 high of Fl 165.00 although volume was thin with only 50,000 shares traded.

Against the trend, DSM, the petrochemical group, was Fl 2.50 easier at Fl 105.00, after Friday's news that a European plan to cut ethylene capacity had collapsed; Hoogovens, the steel group shed Fl1 to Fl 46.30 on Friday's EC subsidies-for-capacity-cuts deal, on the view that it did not do enough to alleviate the industry's problems.

ZURICH closed at a new high, the SMI put on 19.5 at 2,909.0. Ciba-Geigy registered, SFr14 higher at SFr855, topped the active list, supported by hopes that the group's industry division would gain strongly from an economic upturn in Europe and the US.

Bearers in SMH, the watchmaker, sharply lower last week, rose SFr34 to SFr1,004 on a forecast rise in 1993 sales and profits.

MADRID exercised its capacity to exaggerate gains elsewhere and broke through resistance levels in the futures and cash markets, the general index rising 5.61 or 1.8 per cent to a new 1993 high of 314.22 in turnover up from Pta28.3bn to Pta33bn.

Construction stocks rose by more than 5 per cent with Uralita up Pta80 at Pta1,260. However, the most active sector was utilities where Iberdrola rose Pta30 to Pta999, and Fenosa Pta17 to Pta597.

MILAN was initially firm in response to the lower house of parliament's approval of the 1994 budget over the weekend but the momentum was not maintained and the the Comit index edged 3.57 higher to 606.01.

Against the trend, Ferruzzi added L831 or 3.4 per cent to L25,407 and Montedison L68.30 to L929.10 ahead of the complicated capital increases which begin today.

Among blue chips to suffer from profit-taking, Olivetti slid L38 to L2,082 and Pirelli L15 to L2,130. Telecoms also suffered with Sip off L25 to L3,442 and Stet down L62 to L4,136.

WARSAW climbed to a fourth consecutive record high, the WIG index rising by 244, or 2.3 per cent to 10,921 in the second highest ever turnover of 1,400bn zlotys.

Analysts predicted that prices could be lifted further after the public oversubscription 6,600bn zlotys of a record 1,400bn zloty offering of Bank Slaski shares.

STOCKHOLM was broadly higher as a rebound in LM Ericsson, the telecommunications group, supported the market. The Affärsvärlden general index added 9.2 to 1,370.3.

Ericsson's B share advanced SKr15 or 4.8 per cent, to SKr326 after a fall from SKr477 earlier this year. Volvo continued higher adding SKr7 to SKr531 on news of the proposed new chairman and board.

HELSINKI saw heavy domestic and foreign demand push the Hex index 16.8 higher to 1,536.5. Nokia's ordinary shares closed FM8 higher at FM286, partly helped by Ericsson's rise.

Written and edited by William Cochrane and Michael Morgan

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Dec 20

FT-SE Eurotrack 100 / FT-SE Eurotrack 200

ASIA PACIFIC

Nikkei sees year's biggest fall as Manila surges 5.5%

Tokyo

Renewed political worries triggered a fall in the futures market, and the Nikkei average suffered its largest loss of the year, *writes Emiko Terazono in Tokyo.*

The concern surrounded a possible dissolution of the lower house if the government's political reform bill failed to be enacted during the current parliamentary session.

The Nikkei, which on Friday recovered the 18,000 level for the first time in a month, dropped 647.67, or 3.6 per cent, to 17,404.24. The Topix index of all first section stocks shed 43.22, or 2.9 per cent, to 1,447.25, but in London the ISE/Nikkei 50 index was 2.52 firmer at 1,194.34.

Remarks by the ruling and opposition party leaders over the weekend about the possibility of a general election discouraged investors, since that would delay decisions on economic stimulus.

Volume totalled 230m shares, against 282m. Declines led rises by 947 to 124, with 103 issues unchanged.

The Nikkei index opened at the day's high of 18,025.80 and fell on arbitrage unwinding, hitting a low of 17,383.44 a few minutes before the close.

Some traders were discouraged by Friday's announcement that the government will postpone the flotation of Japan Tobacco, the state-owned tobacco and salt monopoly.

Although good news for the overall market, traders who bought Nippon Telegraph and Telephone and East Japan Railway stocks on hopes that they would gain ground before the Japan Tobacco listing, liquidated their holdings. NTT lost Y38,000 to Y751,000 and JR East Y34,000 to Y421,000.

Index-linked selling depressed banks. Industrial Bank of Japan fell Y70 to Y2,850 and Dai-Ichi Kangyo Bank lost Y70 to Y1,780. Brokers were also weak, with Nomura Securities down Y60 to Y1,820 and Nikko Securities off Y40 at Y1,060.

In Osaka, the OSE average retreated 412.56 to 19,349.04 in volume of 39.1m shares.

Roundup

The Pacific Rim saw further records in some markets and heavy profit-taking in others after the strong advances of last week. Bombay remained closed for the fifth consecutive day and hopes for an end to the protest over a ban on forward trading were dashed late yesterday.

MANILA saw its biggest one-day jump this year, surging 5.5 per cent to an all-time high on the back of PLDT's rally on Wall Street. The Manila index rose 146.37 to 2,808.80.

PLDT hit a year's peak, climbing $3¾ to $63¾ in the US. On the local market it advanced 125 pesos to 2,010 pesos.

HONG KONG extended its bull run with a 2.3 per cent advance to another record high.

The Hang Seng index was ahead 245.92 at 10,814.78, after a day's peak of 10,824.36.

Buying interest by foreign institutions and small local investors increased in the afternoon after selective demand was triggered by sharp gains in futures.

KARACHI finished at another record high, with further strong demand by foreign funds overcoming lower settlement day tendencies. The KSE 100 index was 14.88 stronger at 2,043.90 at the close.

NEW ZEALAND opened firmly but turned easier later in the day, still sagging under the weight of new issues and placements in recent weeks. The NZSE-40 capital index ended 7.26 down at 2,073.24.

TAIWAN gave up early gains to finish mixed and turnover fell sharply as a consolidation after the recent bull run continued. The weighted index, 76 points ahead at one stage, ended only a net 1.88 higher at 5,304.02, after worries over the Finance Ministry's imminent proposal to impose a stock capital gains tax deterred buying.

AUSTRALIA drifted lower in quiet conditions as investors made an early start to the holiday season. The All Ordinaries index closed 4.2 points down at 2,076.0, after peaking at 2,086.6 in early trade.

SEOUL saw profit-taking after last week's bull run, leaving the market 1.8 per cent off in thin trade. The composite index slipped 15.37 to 848.63 amid modest volume of 34.11m.

SINGAPORE closed easier on profit-taking after last week's continuous rally, with curbs on speculative buying by individual broking houses dampening the mood.

The Straits Times Industrial index lost 2.78 at 2,277.48 after an intraday peak of 2,314.89.

KUALA LUMPUR retreated in the afternoon to finish broadly lower, with the sharp fall in Tokyo prompting profit-taking. The composite index dipped below the 1,100 support level to end 11.45 down at 1,098.08.

BANGKOK receded as investors cashed in profits from recent strong rises in banking, finance and securities shares. The SET index shed 17.12, or 1.1 per cent, to 1,496.71 in active turnover of Bt23.29bn.

Focus remains on Italy and Hong Kong

By William Cochrane

The same countries appeared at the top of the FT-Actuaries World Index rankings last week – Italy, in Europe, and Hong Kong and Malaysia, in the Pacific Basin – as headed the list the week before. There were signs yesterday that they could stay in the public eye.

The depreciation of the lira this year means that Italy's performance, over that period, has been only a little better than the European average in sterling or dollar terms.

However, fans of the market say that Italy is due for a period of export led growth after a decline in GDP this year, that consumer price inflation is falling and that the country's political problems are likely to resolve themselves favourably.

In the meantime, Mr Marcus Grubb, equity strategist at Salomon Brothers, says Italian markets may be the focus of attention this week.

Last Friday the president, Mr Oscar Luigi Scalfaro, said that the country was close to calling early general elections as Italians strove to turn over a new leaf. This Thursday, says Mr Grubb, is the deadline for the passage of the 1994 budget.

He adds that the improved position of the PDS at the December 5 elections has already boosted financial markets, and that the re-establishment of a centre-left party committed to financial retrenchment could provide the boost that the stock market needs: it is not expensive, he says, on a 1994 p/e of 16.4 and with the BCI index 33.7 per cent below the all-time high of 908.2 in May, 1986.

Meanwhile, the Chinese warning that British companies will continue to lose out in competition for business in China, unless Hong Kong Governor Chris Patten backs down and shelves his democratic reforms, seemed to concentrate minds about the risk of Chinese sanctions, and whom they would affect.

The colony's equity market built on the outstanding 10 per cent gain it scored in the five days to December 10 with a 3.9 per cent rise last week, and after yesterday's 2.3 per cent advance in the Hang Seng index it is running very close to a 100 per cent rise on the year to date.

Malaysia cleared that mark last week, its 3.6 per cent gain taking it up by 103 per cent for the year so far. Yesterday in Paris the OECD said that while export growth should ease during the next two years, this should be offset by stronger domestic demand, and that the country was likely to score an 8 per cent GDP growth rate this year, against 8.5 per cent in 1993.

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1993	% change sterling † Start of 1993	% change in US $ † Start of 1993
Austria	-0.82	+2.68	+44.06	+35.50	+30.08	+28.10
Belgium	-0.60	+2.09	+30.60	+26.34	+21.86	+20.03
Denmark	-2.17	-2.01	+31.14	+34.56	+28.34	+26.40
Finland	-2.33	-4.09	+85.81	+86.39	+72.83	+70.21
France	+0.25	+2.66	+30.92	+23.40	+18.80	+15.99
Germany	-0.66	+2.85	+43.97	+38.08	+33.23	+31.20
Ireland	+2.20	+4.41	+54.95	+54.39	+37.17	+35.08
Italy	+3.87	+12.34	+55.50	+43.86	+27.73	+25.79
Netherlands	+0.81	+3.20	+38.51	+36.30	+31.67	+29.67
Norway	+0.79	-2.87	+34.26	+31.39	+27.53	+25.59
Spain	+0.00	+1.08	+43.60	+43.56	+19.20	+17.38
Sweden	+1.26	+0.46	+42.02	+34.92	+15.59	+13.83
Switzerland	+0.71	+4.66	+44.09	+39.56	+42.78	+40.62
UK	+2.37	+7.24	+23.40	+18.70	+18.70	+16.89
EUROPE	+1.14	+4.85	+33.23	+28.18	+24.28	+22.39
Australia	-0.58	-0.65	+33.38	+28.93	+29.02	+27.05
Hong Kong	+3.91	+15.23	+102.24	+95.68	+99.12	+96.09
Japan	+2.08	-3.37	+13.08	+14.60	+31.96	+29.95
Malaysia	+3.84	+14.03	+104.93	+103.34	+111.83	+108.61
New Zealand	-1.14	-1.97	+41.67	+37.18	+52.10	+49.80
Singapore	+2.62	+11.30	+65.32	+58.33	+65.61	+63.10
Canada	-1.07	-0.31	+21.05	+20.09	+15.89	+14.12
USA	+0.47	+0.84	+6.83	+8.81	+8.26	+6.61
Mexico	+0.22	+11.52	+38.64	+34.96	+37.72	+35.63
South Africa	+3.00	+8.47	+31.47	+50.27	+65.92	+63.39
WORLD INDEX	+1.18	+1.21	+17.85	+18.84	+21.66	+19.82

† Based on December 17th 1993. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited.

FT-ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	FRIDAY DECEMBER 17 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY DECEMBER 16 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (67)	[illegible]															
Austria (17)	[illegible]															
Belgium (42)	[illegible]															
Canada (107)	[illegible]															
Denmark (33)	[illegible]															
Finland (23)	[illegible]															
France (98)	[illegible]															
Germany (60)	[illegible]															
Hong Kong (55)	[illegible]															
Ireland (15)	[illegible]															
Italy (73)	[illegible]															
Japan (467)	[illegible]															
Malaysia (69)	[illegible]															
Mexico (18)	[illegible]															
Netherland (26)	[illegible]															
New Zealand (14)	[illegible]															
Norway (23)	[illegible]															
Singapore (38)	[illegible]															
South Africa (60)	[illegible]															
Spain (42)	[illegible]															
Sweden (36)	[illegible]															
Switzerland (49)	[illegible]															
United Kingdom (215)	[illegible]															
USA (518)	[illegible]															
Europe (747)	[illegible]															
Nordic (114)	[illegible]															
Pacific Basin (712)	[illegible]															
Euro-Pacific (1459)	[illegible]															
North America (625)	[illegible]															
Europe Ex. UK (532)	[illegible]															
Pacific Ex. Japan (245)	[illegible]															
World Ex. US (1643)	[illegible]															
World Ex. UK (1946)	[illegible]															
World Ex. So. Af. (2101)	[illegible]															
World Ex. Japan (1694)	[illegible]															
The World Index (2161)	[illegible]															

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